

O.R. TAMBO DISTRICT MUNICIPALITY MUNICIPALITY



O.R. TAMBO DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS

for the period ended

30 June 2012

**O. R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012**

		Group		Municipality	
	Note	30 June 2012	30 June 2011	30 June 2012	30 June 2011
		R	R	R	R
ASSETS					
Current Assets		544 366 830	229 273 449	512 553 297	213 424 909
Cash and cash equivalents	5	454 616 303	158 646 854	427 551 056	146 955 781
Trade receivables from exchange transactions	6	69 633 461	16 718 130	69 614 515	16 710 240
Inventories	7	13 282 600	13 165 574	13 055 172	13 080 243
Other receivables from exchange transactions	8	4 235 656	1 387 799	2 332 554	1 128 772
VAT receivable	15	2 598 810	39 355 092	-	35 549 873
Non-Current Assets		3 393 103 880	3 882 319 309	3 385 436 667	3 874 163 116
Intangible assets	9	274 075	1 655 501	146 015	1 571 952
Investment property	12	2 200 000	2 200 000	2 200 000	2 200 000
Infrastructure, property, plant and equipment	10	3 376 859 610	3 867 059 331	3 370 545 806	3 860 343 087
Biological assets	11	13 770 196	11 404 477	12 544 846	10 048 077
Total Assets		3 937 470 710	4 111 592 759	3 897 989 964	4 087 588 025
LIABILITIES					
Current Liabilities		521 636 457	206 851 681	506 617 463	195 029 193
Trade and other payables	13	204 697 645	139 450 873	199 927 906	135 276 711
Consumer deposits	14	1 053 097	678 997	1 053 097	678 997
Obligations under transfer arrangements	17	309 061 604	66 494 370	298 849 939	58 882 190
Finance lease liability	18	191 295	191 295	191 295	191 295
Operating lease liability	45	37 590	36 146	-	-
VAT payable	15	6 595 227	-	6 595 227	-
Non-current Liabilities		345 378	548 922	345 378	548 922
Finance lease liability	18	345 378	548 922	345 378	548 922
Total liabilities		521 981 835	207 400 603	506 962 841	195 578 115
NET ASSETS		3 415 488 876	3 904 192 155	3 391 027 124	3 892 009 910
Reserves		102 622 075	102 621 814	102 622 075	102 621 814
Accumulated surplus		3 312 866 800	3 801 570 341	3 288 405 049	3 789 388 096
Total net assets		3 937 470 710	4 111 592 758	3 897 989 964	4 087 588 024

**O. R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
for the period ended 30 June 2012**

		Group		Municipality	
	Note	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
REVENUE					
Revenue from exchange transactions		120 794 902	106 045 935	120 794 902	106 045 935
Service charges	19	120 794 902	106 045 935	120 794 902	106 045 935
Revenue from non-exchange transaction		876 222 987	1 015 154 324	862 938 342	1 008 949 690
Government grants & subsidies	21	876 222 987	1 015 154 324	862 938 342	1 008 949 690
Rental income		15 453	156 182	15 453	36 420
Other income	22	43 288 413	71 403 726	38 774 610	68 689 338
Finance income- Investment	20	14 820 593	18 939 288	14 237 907	18 669 408
Finance income- Other	20	18 526 873	17 846 655	18 526 873	17 846 655
Total income		1 073 669 221	1 229 546 110	1 055 288 087	1 220 237 446
EXPENDITURE					
Employee Related Costs	23	217 667 939	200 315 653	196 002 540	179 201 544
Remuneration of councillors	23	9 374 636	8 358 781	9 374 636	8 358 781
Debt impairment	6	25 866 665	58 112 922	25 845 661	58 112 922
Depreciation and amortisation	24	175 981 362	140 333 897	174 830 264	138 498 691
Impairment loss	31	262 183	401 622	85 733	214 622
Repairs and maintenance		36 339 848	24 483 382	35 576 161	24 356 442
Finance expense	25	182 324	311 547	15 850	91 301
Bulk purchases	26	58 491 191	16 406 149	58 491 191	16 406 149
Contracted services	27	6 971 592	5 678 151	6 971 592	5 678 151
Grants and subsidies paid	28	16 265 895	6 170 854	72 682 280	43 071 724
General expenses	29	563 296 396	397 925 331	524 360 077	374 826 813
Total expenses		1 110 700 031	858 498 289	1 104 235 985	848 817 139
Gain (loss) on sale of assets	30	(736 134)	2 213 805	(736 134)	2 213 805
Increase in fair value of biological assets	32	2 549 356	2 054 637	2 222 886	1 846 537
SURPLUS / (DEFICIT) FOR THE YEAR		(35 217 589)	375 316 263	(47 461 146)	375 480 649

**OR TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS
for the period ended 30 June 2012**

Group

	Asset Financing Fund	Revaluation Reserve	Government Grant Reserve	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R	R	R
Balance at 30 June 2011 as previously reported	291	68 329 926	34 291 598	102 621 814	3 801 570 341	3 904 192 155
Correction of prior period errors	-	-	-	-	(453 485 952)	(453 485 952)
Restated balance at 30 June 2011	291	68 329 926	34 291 598	102 621 814	3 348 084 389	3 450 706 203
Other movement in reserves	262	-	-	262	-	262
Deficit for the year	-	-	-	-	(35 217 589)	(35 217 589)
Balance at 30 June 2012	552	68 329 926	34 291 598	102 622 075	3 312 866 800	3 415 488 876

Municipality

	Asset Financing Fund	Revaluation Reserve	Government Grant Reserve	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R	R	R
Balance at 30 June 2011 as previously reported	291	68 329 926	34 291 598	102 621 814	3 789 388 096	3 892 009 910
Correction of prior period errors	-	-	-	-	(453 521 901)	(453 521 901)
Restated balance at 30 June 2011	291	68 329 926	34 291 598	102 621 814	3 335 866 195	3 438 488 009
Other movement in reserves	262	-	-	262	-	262
Deficit for the year	-	-	-	-	(47 461 146)	(47 461 146)
Balance at 30 June 2012	552	68 329 926	34 291 598	102 622 075	3 288 405 049	3 391 027 124

O R TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
CASH FLOW STATEMENT
for the period ended 30 June 2012

		Group		Municipality	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
		R	R	R	R
	<u>Note</u>				
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts:		1 216 189 332	1 193 792 495	1 208 467 133	1 133 136 182
Sales of goods and services		43 146 776	44 693 960	41 895 666	43 126 490
Grants		1 106 287 107	1 063 005 658	1 102 906 091	1 005 453 375
Interest received		14 237 907	36 785 943	14 237 907	36 516 063
Other receipts		52 517 542	49 306 934	49 427 469	48 040 254
Payments:		(800 117 602)	(818 299 149)	(808 188 044)	(754 629 055)
Employee costs		(226 860 783)	(204 311 931)	(205 195 384)	(183 197 822)
Suppliers and other		(573 256 819)	(613 987 217)	(602 992 660)	(571 431 232)
Cash generated by / (utilised in) operations	33	416 071 730	375 493 346	400 279 088	378 507 127
Interest earned		582 686	269 880	-	-
Finance costs		(182 324)	(190 561)	(15 850)	(91 301)
Financial discounting		118 797	178 056	-	-
Impairment loss		-	120 986	-	-
Net cash flows from operating activities		416 590 887	375 871 707	400 263 238	378 415 826
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets		(120 769 373)	(300 081 846)	(119 733 841)	(299 959 683)
Purchase of intangible assets		(977 219)	(27 826)	(906 658)	(27 826)
Purchase of biological assets		(20 001)	-	-	-
Proceeds on disposal of fixed assets		-	38 303	-	-
Proceeds on disposal of biological assets and produce		974 599	3 590 889	801 978	3 590 889
Transfer from calves (weaned)		-	142 100	-	-
Produce from insurance		-	-	-	-
Produce from bursary		-	-	-	-
Net cash flows from investing activities		(120 791 994)	(296 338 381)	(119 838 521)	(296 396 620)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of capital portion of finance lease		(203 544)	(537 177)	(203 544)	(537 177)
Advances on Consumer deposits		374 100	494 700	374 100	494 700
Net cash flows from financing activities		170 556	(42 476)	170 557	(42 476)
Net decrease in net cash and cash equivalents		295 969 450	79 490 850	280 595 274	81 976 731
Net cash and cash equivalents at beginning of period		158 646 854	79 156 004	146 955 781	64 979 050
Net cash and cash equivalents at end of period	34	454 616 303	158 646 854	427 551 056	146 955 781

**O.R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2012**

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Bank balances

Cash and bank	31 565 892	13 545 961	25 035 153	13 545 961
Call deposits	423 050 411	145 100 893	402 515 903	133 409 820
	<u>454 616 303</u>	<u>158 646 854</u>	<u>427 551 056</u>	<u>146 955 781</u>

The Group has the following bank accounts: -

Current Account (Primary Bank Account)

First National Bank, York Road: Account Number 53990137772

Cash book balance at beginning of year	13 539 721	1 608 228	13 539 721	1 608 228
Cash book balance at end of year	<u>24 726 006</u>	<u>13 539 721</u>	<u>24 726 006</u>	<u>13 539 721</u>
Bank statement balance at beginning of year	25 983 037	49 260 977	25 983 037	49 260 977
Bank statement balance at end of the year	<u>46 066 804</u>	<u>25 983 037</u>	<u>46 066 804</u>	<u>25 983 037</u>

(Other Account - credit card)

First National Bank, York Road: Account Number 881271004736000

Cash book balance at beginning of year	5 344	5 344	5 344	5 344
Cash book balance at end of year	<u>4 977</u>	<u>5 344</u>	<u>4 977</u>	<u>5 344</u>
Bank statement balance at beginning of year	2 169	3 088	2 169	3 088
Bank statement balance at end of year	<u>4 977</u>	<u>2 169</u>	<u>4 977</u>	<u>2 169</u>

Current Account - petty cash

First National Bank, York Road: Account Number 621428618881

Cash book balance at beginning of year	896	1 656	896	1 656
Cash book balance at end of year	<u>108</u>	<u>896</u>	<u>108</u>	<u>896</u>
Bank statement balance at beginning of year	829	-	829	-
Bank statement balance at end of year	<u>108</u>	<u>829</u>	<u>108</u>	<u>829</u>

Total cash and cash equivalents	<u>454 616 303</u>	<u>158 646 854</u>	<u>427 551 056</u>	<u>146 955 781</u>
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First National Bank

Account Number 62166804742 (Primary Bank Account):

Cash book balance at beginning of year	877 366	869 373
Cash book balance at end of year	<u>1 462 237</u>	<u>877 366</u>

Bank statement balance at beginning of year	907 629	956 942
Bank statement balance at end of year	<u>-</u>	<u>907 629</u>

Account Number 62183286890 (Salaries Account):

Cash book balance at beginning of year	3 299	6 037
Cash book balance at end of year	<u>4 764</u>	<u>3 299</u>

Bank statement balance at beginning of year	3 299	6 037
Bank statement balance at end of year	<u>4 764</u>	<u>3 299</u>

Account Number 62174957301 (DEAT - Road Signage)

Cash book balance at beginning of year	651	164
Cash book balance at end of year	<u>944</u>	<u>651</u>

Bank statement balance at beginning of year	651	164
Bank statement balance at end of year	<u>944</u>	<u>651</u>

Account Number 62174956543 (DEAT - Beekeeping)

Cash book balance at beginning of year	-	(37)
Cash book balance at end of year	<u>-</u>	<u>-</u>

Bank statement balance at beginning of year	-	(37)
Bank statement balance at end of year	<u>-</u>	<u>-</u>

Account Number (Deat Nqohlekwana Cheque)

Cash book balance at beginning of year	25 643	-
Cash book balance at end of year	<u>40 989</u>	<u>25 643</u>

Bank statement balance at beginning of year	25 643	-
Bank statement balance at end of year	<u>40 989</u>	<u>25 643</u>

**O.R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2012**

5 CASH AND CASH EQUIVALENTS (continued)

The Group has the following bank accounts:-

Account Number (Deat Ndabankulu Cheque)

Cash book balance at beginning of year	980	-
Cash book balance at end of year	166	980

Bank statement balance at beginning of year

Bank statement balance at end of year	980	-
	166	980

Baziya Sustainable Villages-Surudec Cheque Account

Cash book balance at beginning of year	14 783	700
Cash book balance at end of year	596	14 783

Bank statement balance at beginning of year

Bank statement balance at end of year	14 783	700
	596	14 783

Account Number 62182223257 (Integrated Energy Centre)

Cash book balance at beginning of year	769 471	2 949 589
Cash book balance at end of year	277 173	769 471

Bank statement balance at beginning of year

Bank statement balance at end of year	769 471	2 949 589
	277 173	769 471

Account Number 62181670540 (Ntinga call account)

Cash book balance at beginning of year	1 761 155	3 691 133
Cash book balance at end of year	11 029 648	1 761 155

Bank statement balance at beginning of year

Bank statement balance at end of year	1 761 155	3 691 133
	11 029 648	1 761 155

Account Number 62217068750 (Adam Kok Farms)

Cash book balance at beginning of year	162 985	2 402 230
Cash book balance at end of year	747 837	162 985

Bank statement balance at beginning of year

Bank statement balance at end of year	162 985	2 402 230
	747 837	162 985

Account Number 62193282531 (Lambasi)

Cash book balance at beginning of year	8 719	12 239
Cash book balance at end of year	4 574	8 719

Bank statement balance at beginning of year

Bank statement balance at end of year	8 719	12 239
	4 574	8 719

Account Number 62189189585 (DEAT Road Signage)

Cash book balance at beginning of year	195 825	382 381
Cash book balance at end of year	199 388	195 825

Bank statement balance at beginning of year

Bank statement balance at end of year	195 825	382 381
	199 388	195 825

Account Number 62189188553 (DEAT Beekeeping)

Cash book balance at beginning of year	-	156 290
Cash book balance at end of year	-	-

Bank statement balance at beginning of year

Bank statement balance at end of year	-	156 290
	-	-

Account Number 62185095281 (Ikhwezi Farm)

Cash book balance at beginning of year	255 309	9 240
Cash book balance at end of year	86 129	255 309

Bank statement balance at beginning of year

Bank statement balance at end of year	255 309	9 240
	86 129	255 309

Account Number 62185096122 (Umzikantu Red Meat Abattoir)

Cash book balance at beginning of year	186 902	15 004
Cash book balance at end of year	915 013	186 902

Bank statement balance at beginning of year

Bank statement balance at end of year	186 902	15 004
	915 013	186 902

Livestock project

Cash book balance at beginning of year	144 890	190 534
Cash book balance at end of year	375 563	144 890

Bank statement balance at beginning of year

Bank statement balance at end of year	144 890	190 534
	375 563	144 890

O.R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2012

5 CASH AND CASH EQUIVALENTS (continued)

The Group has the following bank accounts:-

IDT School Greening

Cash book balance at beginning of year	2 746	2 604
Cash book balance at end of year	2 888	2 746
Bank statement balance at beginning of year	2 746	2 604
Bank statement balance at end of year	2 888	2 746

Standard Bank

Account Number 548663572-001

Cash book balance at beginning of year	608 439	578 887
Cash book balance at end of year	638 379	608 439
Bank statement balance at beginning of year	608 439	578 887
Bank statement balance at end of year	638 379	608 439

Baziya Sustainable Villages -Surudec Call Account

Account Number		
Cash book balance at beginning of year	711 171	2 910 626
Cash book balance at end of year	11 355	711 171
Bank statement balance at beginning of year	711 171	2 910 626
Bank statement balance at end of year	11 355	711 171

Deat Ndabankulu Call Account

Account Number		
Cash book balance at beginning of year	2 376 330	-
Cash book balance at end of year	2 499 090	2 376 330
Bank statement balance at beginning of year	2 376 330	-
Bank statement balance at end of year	2 499 090	2 376 330

Deat Nqhekwana Call Account

Account Number		
Cash book balance at beginning of year	1 777 032	-
Cash book balance at end of year	1 442 451	1 777 032
Bank statement balance at beginning of year	1 777 032	-
Bank statement balance at end of year	1 442 451	1 777 032

Maize Call Account

Account Number		
Cash book balance at beginning of year	1 807 374	-
Cash book balance at end of year	2 305 020	1 807 374
Bank statement balance at beginning of year	1 807 374	-
Bank statement balance at end of year	2 305 020	1 807 374

NEDBANK

Account Number 772600001550

Cash book balance at beginning of year	-	-
Cash book balance at end of year	5 021 042	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5 021 042	-

Group		Municipality	
30 June 2012	30 June 2011	30 June 2012	30 June 2011
R	R	R	R

O.R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2012

6 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS
6.1 Trade receivables

	Group		Municipality	
	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
Gross Balances				
Service debtors				
Water	249 287 549	172 747 064	249 287 549	172 747 064
Sewerage	41 591 194	39 177 871	41 591 194	39 177 871
Projects	40 652	7 977	-	-
Sub-total	290 919 396	211 932 912	290 878 744	211 924 935
Discounting	(204 575)	(149 387)	(203 873)	(149 300)
Total	290 714 821	211 783 525	290 674 871	211 775 635
Allowance for impairment losses				
Service debtors				
Water	(221 060 356)	(168 712 057)	(221 060 356)	(168 712 057)
Sewerage	-	(26 353 338)	-	(26 353 338)
Projects	(21 004)	-	-	-
Total	(221 081 360)	(195 065 395)	(221 060 356)	(195 065 395)
Net Balance		26 015 965		25 994 961
Service debtors				
Water	28 227 194	4 035 007	28 227 194	4 035 007
Sewerage	41 591 194	12 824 533	41 591 194	12 824 533
Projects	19 648	7 977	-	-
Sub-total	69 838 036	16 867 517	69 818 388	16 859 540
Discounting	(204 575)	(149 387)	(203 873)	(149 300)
Total	69 633 461	16 718 130	69 614 515	16 710 240
Service Debtors: Ageing				
Current (0 – 30 days)	24 929 555	20 260 396	24 910 029	20 260 406
31 - 60 Days	11 390 957	11 805 119	11 390 957	11 800 915
61 - 90 Days	9 774 153	8 616 650	9 774 153	8 612 868
91 - 120 Days	10 505 035	8 215 855	10 483 909	8 215 854
121 - 365 Days	110 190 782	88 564 412	110 190 782	88 564 412
+ 365 Days	104 823 374	74 466 975	104 823 374	74 466 975
Payments received in advance	(3 729 316)	(2 933 841)	(3 729 316)	(2 933 841)
Total	267 884 540	208 995 566	267 843 888	208 987 590
Service debtors contain an amount of R3 729 316 (2011: R2 933 841) that has been received in advance from some of the municipality's consumer debtors. To comply with basic disclosure norms this amount has been disclosed under creditors. Additionally, Gross Trade Receivables include an amount of R19 305 540, relating to adjustments as a result of tariff structure correction and unbilled RDPs. This amount has been provided in full. Accordingly, therefore, these amounts account for the difference between total service debtors and the age analysis.				
Summary of Debtors by Customer Classification				
Consumers				
Current (0 – 30 days)	11 974 078	10 233 879	11 954 552	10 233 889
31 - 60 Days	6 427 248	7 386 544	6 427 248	7 382 340
61 - 90 Days	6 024 908	4 899 962	6 024 908	4 896 180
91 - 120 Days	6 507 806	4 835 518	6 486 680	4 835 518
121 - 365 Days	83 754 245	67 538 993	83 754 245	67 538 993
+ 365 Days	91 320 228	64 443 665	91 320 228	66 018 288
Payments received in advance	(2 046 532)	(1 574 623)	(2 046 532)	(1 574 623)
Trade receivables adjustments- not in ageing analysis	19 305 540	-	19 305 540	-
Sub-total	223 267 521	157 763 939	223 226 869	159 330 586
Less: Provision for doubtful debts	(192 913 094)	(142 651 765)	(192 892 090)	(142 473 640)
Total debtors by customer classification	30 354 427	15 112 174	30 334 779	16 856 946
Industrial/ Commercial				
Current (0 – 30 days)	3 902 305	3 093 655	3 902 305	3 093 655
31 - 60 Days	1 625 894	1 548 953	1 625 894	1 548 953
61 - 90 Days	1 285 944	1 142 777	1 285 944	1 142 777
91 - 120 Days	1 371 658	977 825	1 371 658	977 825
121 - 365 Days	13 807 129	10 804 066	13 807 129	10 804 066
+ 365 Days	7 256 706	4 030 850	7 256 706	4 030 850
Payments received in advance	(1 081 370)	(795 785)	(1 081 370)	(795 785)
Sub-total	28 168 266	20 802 340	28 168 266	20 802 340
Less: Provision for doubtful debts	(28 168 266)	(20 802 340)	(28 168 266)	(20 802 340)
Total debtors by customer classification	-	-	-	-
National and Provincial Government				
Current (0 – 30 days)	9 053 172	6 932 862	9 053 172	6 932 862
31 - 60 Days	3 337 815	2 869 622	3 337 815	2 869 622
61 - 90 Days	2 463 301	2 573 911	2 463 301	2 573 911
91 - 120 Days	2 625 572	2 402 511	2 625 572	2 402 511
121 - 365 Days	12 629 408	10 221 262	12 629 408	10 221 262
+ 365 Days	6 246 439	4 417 838	6 246 439	4 417 838
Sub-total	(601 414)	(563 434)	(601 414)	(563 434)
Less: Provision for doubtful debts	35 754 293	(28 854 573)	35 754 293	(28 854 573)
Total debtors by customer classification	35 754 293	-	35 754 293	-

**O.R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2012**

	Group		Municipality	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	R	R	R	R
Statutory Debtors: Ageing				
+ 365 Days	13 503 145	8 448 688	13 503 145	8 448 688

In accordance with the annual fiscal budgeting proclamations levies were repealed with effect from 01 July 2006, hence the relatively slow recovery rate.

Summary of Debtors by Customer Classification

Industrial / Commercial				
+ 365 Days	7 256 706	4 030 850	7 256 706	4 030 850
National and Provincial Government				
+ 365 Days	6 246 439	4 417 838	6 246 439	4 417 838

6.2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	195 065 395	162 995 291	195 065 395	162 995 291
Add back discounting	149 300	-	149 300	-
Total contribution to provision	25 866 665	32 070 104	25 845 661	32 070 104
Contributions to provision: trade debtors	25 866 665	58 112 922	25 845 661	58 112 922
Contributions to provision: other debtors	-	-	-	-
Doubtful debts written off against provision	-	(26 042 818)	-	(26 042 818)
Adjustments	-	-	-	-
Balance at end of year	221 081 360	195 065 395	221 060 356	195 065 395

Trade receivables impaired

As of 30 June 2012, trade and other receivables of R 221 259 503 (2011: R195 392 838) were impaired and provided for. The net increase of the provision was R 25 866 665 as at 30 June 2012 (2011: net increase of R 30 070 104). During 2011, an amount of R26 042 818 was written off as irrecoverable as approved by council. No amounts were written off and approved by council in the 2012 financial year.

The fair value of trade receivables approximates their carrying amounts.

7 INVENTORIES

Opening balances of inventory	13 165 574	11 840 313	13 080 243	11 774 893
Consumable stores and Maintenance materials	12 849 509	9 440 622	12 764 178	9 375 202
Water	316 065	2 399 691	316 065	2 399 691
Adjustments to inventory	117 026	1 325 261	(25 071)	1 305 350
Consumable stores and Maintenance materials	2 192 942	3 408 887	2 050 845	3 388 976
Reclassification to biological assets	(1 966 402)	-	(1 966 402)	-
Water	(109 514)	(2 083 626)	(109 514)	(2 083 626)
Closing balances of inventory	13 076 049	12 849 509	12 848 621	12 764 178
Consumable stores and Maintenance materials	13 076 049	12 849 509	12 848 621	12 764 178
Closing balance as previously reported	206 551	316 065	206 551	316 065
Total	13 282 600	13 165 574	13 055 172	13 080 243

No inventory was pledged as security for any financial liability.

8 OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

CURRENT				
Car loans	51 445	51 445	51 445	51 445
Other receivables	7 020 979	3 219 338	5 321 169	3 103 603
Less: Provision for doubtful debts	(3 040 060)	(2 026 276)	(3 040 060)	(2 026 276)
Prepayments	203 292	203 292	-	-
Allowance for impairment losses	-	(60 000)	-	-
Total	4 235 656	1 387 799	2 332 554	1 128 772

CAR LOANS

These are loans that were originally given to employees in 2006, payable within three years at no interest. The employees concerned are no longer working for the Municipality. Efforts are being made through the legal department to collect the amount owed.

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9 INTANGIBLE ASSETS

GROUP

Reconciliation of carrying value

	Computer Software R	Ward based database R	Total R
As at 1 July 2011	108 429	3 234 790	1 655 502
Cost	3 096 311	5 063 150	8 159 461
Accumulated amortisation and impairment losses	(2 987 882)	(1 828 360)	(6 503 959)
Prior year adjustment - opening cost	-	734 369	734 369
Prior year adjustment - opening accumulated amortisation	-	(2 803 296)	(2 803 296)
Acquisitions	242 845	-	242 845
Amortisation	(77 200)	(1 165 862)	(1 243 062)
As at 30 June 2012	274 074	1	274 075
Cost	3 339 156	5 797 519	9 136 675
Accumulated amortisation and impairment losses	(3 065 082)	(5 797 518)	(8 862 600)
As at 1 July 2010	3 160 836	5 063 150	8 223 986
Cost	3 156 880	5 063 150	8 220 030
Prior period error correction	3 956	-	3 956
Accumulated amortisation and impairment losses	(2 442 979)	(1 828 360)	(4 263 948)
Prior period error correction	(2 435 588)	(1 828 360)	(4 263 948)
	(7 391)	-	-
Acquisitions	27 826	-	27 826
Amortisation	(552 618)	(1 687 717)	(2 240 335)
Reversal of revaluation	(72 329)	-	(72 329)
Reversal of amortisation	71 906	-	71 906
Licenses Expired			
Cost	(170 503)	-	(170 503)
Accumulated impairment	150 481	-	150 481
Amortisation	(64 191)	-	(64 191)
As at 30 June 2011	108 429	1 547 073	1 655 502
Cost	3 096 311	5 063 150	8 159 461
Accumulated amortisation and impairment losses	(2 987 882)	(3 516 077)	(6 503 959)

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Reconciliation of carrying value

	Computer Software R	Ward based database R	Total R
As at 1 July 2011	24 880	1 547 073	1 571 953
Cost	2 668 457	5 063 150	7 731 607
Accumulated amortisation and impairment losses	(2 643 577)	(3 516 077)	(6 159 654)
Prior year adjustment - opening cost	-	734 369	734 369
Prior year adjustment - opening accumulated amortisation	-	(1 115 579)	(1 115 579)
Acquisitions	172 289	-	172 289
Amortisation	(51 155)	(1 165 862)	(1 217 017)
As at 30 June 2012	146 014	1	146 015
Cost	2 840 746	5 797 519	8 638 265
Accumulated amortisation and impairment losses	(2 694 732)	(5 797 518)	(8 492 250)
As at 1 July 2010	2 640 631	5 063 150	7 703 781
Cost	2 640 631	5 063 150	7 703 781
Prior period error correction	-	-	-
Accumulated amortisation and impairment losses	(2 090 959)	(1 828 360)	(3 919 319)
Acquisitions	27 826	-	27 826
Amortisation	(552 618)	(1 687 717)	(2 240 335)
As at 30 June 2011	24 880	1 547 073	1 571 953
Cost	2 668 457	5 063 150	7 731 607
Accumulated amortisation and impairment losses	(2 643 577)	(3 516 077)	(6 159 654)

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10 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

10.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
GROUP							
01 July 2011							
Cost/Revaluation	39 770 387	83 539 460	4 161 803 231	90 000	99 985 356	3 578 209	4 388 766 643
Opening balance	39 770 387	83 539 460	5 429 025 134	90 000	101 116 303	3 572 259	5 657 113 543
Correction of error	-	-	(1 267 221 903)	-	(1 130 947)	5 950	(1 268 346 900)
Accumulated depreciation and impairment losses	(3 654 386)	(14 496 687)	(682 078 002)	-	(61 371 481)	(2 404 841)	(764 005 397)
Opening balance	(3 654 386)	(14 496 687)	(1 705 628 714)	-	(63 872 171)	(2 402 254)	(1 790 054 212)
Correction of error	-	-	1 023 550 712	-	2 500 690	(2 587)	1 026 048 815
Restated balance	36 116 001	69 042 773	3 479 725 229	-	38 613 875	1 173 368	3 624 761 246
Acquisitions- Municipality	-	-	113 897 404	-	6 690 880	-	120 588 284
Capital under Construction-DWAF donated	-	-	-	-	-	-	-
Depreciation	-	(2 356 667)	(160 490 586)	-	(10 500 122)	(410 552)	(173 757 927)
Carrying value of disposals	-	-	-	-	(312 720)	-	(312 720)
Cost/Revaluation	-	-	-	-	(1 957 387)	-	(1 957 387)
Accumulated depreciation and impairment losses	-	-	-	-	1 644 667	-	1 644 667
Other movements*	-	-	(194 419 273)	-	-	-	(194 419 273)
30 June 2012	36 116 001	66 686 106	3 238 712 773	90 000	34 491 913	762 816	3 376 859 610
Cost/Revaluation	39 770 387	83 539 460	4 081 281 361	90 000	104 718 849	3 578 209	4 312 978 267
Accumulated depreciation and impairment losses	(3 654 386)	(16 853 354)	(842 568 588)	-	(70 226 936)	(2 815 393)	(936 118 657)

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10.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
GROUP							
01 July 2010							
Cost/Revaluation	39 770 387	75 439 001	5 074 508 857	90 000	93 829 603	3 572 259	5 287 210 107
Opening balance	39 810 387	115 396 575	4 951 247 376	90 000	95 783 254	4 273 292	5 206 600 884
Correction of error	(40 000)	(39 957 574)	123 261 481	-	(1 953 651)	(701 033)	80 609 223
Accumulated depreciation and impairment losses	(3 654 386)	(10 595 628)	(1 583 254 994)	-	(52 746 990)	(1 797 009)	(1 652 049 007)
Opening balance	(3 654 386)	(11 161 584)	(1 583 254 994)	-	(54 485 087)	(2 479 989)	(1 655 036 040)
Correction of error	-	565 956	-	-	1 738 098	682 980	2 987 034
Acquisitions- Municipality	-	8 100 459	37 187 506	-	7 328 723	-	52 616 688
Capital under Construction-Municipality	-	-	247 465 161	-	-	-	247 465 161
Capital under Construction-DWAF donated	-	-	69 863 610	-	-	-	69 863 610
Depreciation	-	(3 901 059)	(122 373 720)	-	(11 149 347)	(605 245)	(138 029 371)
Carrying value of disposals	-	-	-	-	(17 857)	-	(17 857)
Cost/Revaluation	-	-	-	-	(42 023)	-	(42 023)
Accumulated depreciation and impairment losses	-	-	-	-	24 166	-	24 166
30 June 2011	36 116 001	69 042 773	3 723 396 420	90 000	37 244 132	1 170 005	3 867 059 331
Cost/Revaluation	39 770 387	83 539 460	5 429 025 134	90 000	101 116 303	3 572 259	5 657 113 543
Accumulated depreciation and impairment losses	(3 654 386)	(14 496 687)	(1 705 628 714)	-	(63 872 171)	(2 402 254)	(1 790 054 212)

Details of valuation

The effective date of the revaluations was 30 June 2012. Revaluations were performed by independent professional valuers, Mr Charl Kruger (National Diploma in Property Valuers), Gesina de Sousa independent candidate valuer, Letlaka Ndamase and Valuers), an independent professional associated valuer (Valuation Network Property Valuers and Consultants). Valuation Network Property Valuers and Consultants is not connected to the entity.

Land and buildings are re-valued independently every 5 years. The valuation was performed using the market value method and the following assumptions were used: The income capitalisation approach used to value income producing properties and it is based on the assumption that the purchaser will pay no more for a property with a certain income flow with similar risks and benefits than for an investment elsewhere. The net income stream is converted into a present value through the capitalisation process. The capitalisation rate of return which will be required by the owner from an investment if that investment were fully let to tenants paying market related rentals with market escalation rates.

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10 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

10.3 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
MUNICIPALITY							
01 July 2011							
Cost/Revaluation	39 404 387	81 437 753	4 161 803 231	90 000	89 291 576	1 581 216	4 373 608 163
Opening balance	39 404 387	81 437 753	5 429 025 134	90 000	90 422 527	1 575 266	5 641 955 067
Correction of error	-	-	(1 267 221 903)	-	(1 130 951)	5 950	(1 268 346 904)
Accumulated depreciation and impairment losses	(3 654 386)	(14 496 687)	(682 078 002)	-	(54 410 452)	(923 435)	(755 562 962)
Opening balance	(3 654 386)	(14 496 687)	(1 705 628 714)	-	(56 911 345)	(920 848)	(1 781 611 980)
Correction of error	-	-	1 023 550 712	-	2 500 893	(2 587)	1 026 049 018
Restated balance	35 750 001	66 941 066	3 479 725 229	90 000	34 881 124	657 781	3 618 045 201
Acquisitions- Municipality	-	-	113 897 404	-	5 655 348	-	119 552 752
Capital under Construction-DWAF donated	-	-	-	-	-	-	-
Depreciation	-	(2 356 667)	(160 490 586)	-	(9 593 969)	(191 652)	(172 632 874)
Other movements*	-	-	(194 419 273)	-	-	-	(194 419 273)
30 June 2012	35 750 001	64 584 399	3 238 712 773	90 000	30 942 503	466 129	3 370 545 806
Cost/Revaluation	39 404 387	81 437 753	4 081 281 361	90 000	94 946 924	1 581 216	4 298 741 642
Accumulated depreciation and impairment losses	(3 654 386)	(16 853 354)	(842 568 588)	-	(64 004 421)	(1 115 087)	(928 195 836)

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10.4 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
MUNICIPALITY 01 July 2010							
Cost/Revaluation	39 404 387	73 337 294	5 074 508 857	90 000	83 215 972	1 575 266	5 272 131 776
Opening balance	39 404 387	111 340 206	4 951 247 376	90 000	83 215 972	1 575 266	5 186 873 207
Correction of error	-	(38 002 912)	123 261 481	-	-	-	85 258 569
Accumulated depreciation and impairment losses	(3 654 386)	(10 595 628)	(1 583 254 994)	-	(47 173 554)	(675 062)	(1 645 353 624)
Acquisitions- Municipality	-	8 100 459	37 187 506	-	7 206 555	-	52 494 520
Capital under Construction-Municipality	-	-	247 465 161	-	-	-	247 465 161
Capital under Construction-DWAF donated	-	-	69 863 610	-	-	-	69 863 610
Depreciation	-	(3 901 059)	(122 373 720)	-	(9 737 791)	(245 786)	(136 258 356)
							-
30 June 2011	35 750 001	66 941 066	3 723 396 420	90 000	33 511 182	654 418	3 860 343 087
Cost/Revaluation	39 404 387	81 437 753	5 429 025 134	90 000	90 422 527	1 575 266	5 641 955 067
Accumulated depreciation and impairment losses	(3 654 386)	(14 496 687)	(1 705 628 714)	-	(56 911 345)	(920 848)	(1 781 611 980)

Details of valuation

The effective date of the revaluations was 30 June 2012. Revaluations were performed by independent professional valuers, Mr Charl Kruger (National Diploma in Property Valuers), Gesina de Sousa independent candidate valuer, Letlaka Ndamase and Valuers), an independent professional associated valuer (Valuation Network Property Valuers and Consultants). Valuation Network Property Valuers and Consultants is not connected to the entity.

Land and buildings are re-valued independently every 5 years. The valuation was performed using the market value method and the following assumptions were used: The income capitalisation approach used to value income producing properties and it is based on the assumption that the purchaser will pay no more for a property with a certain income flow with similar risks and benefits than for an investment elsewhere. The net income stream is converted into a present value through the capitalisation process. The capitalisation rate of return which will be required by the owner form an investment if that investment were fully let to tenants paying market related rentals with market escalation rates.

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11 BIOLOGICAL ASSETS

11.1 Reconciliation of Carrying Value

	Trees in plantation R	Maize R	Potatoes R	Cows R	Bulls R	Calves R	Heifers R	Steers R	Weaners R	Sheep R	Total R
GROUP											
Balance as at 1 July 2011	6 336 000	-	-	2 704 992	397 547	52 440	1 192 640	145 236	342 000	72 350	11 243 204
Cost/Valuation - as previously reported	6 336 000	-	-	2 772 587	407 740	415 200	1 251 640	148 960	-	72 350	11 404 477
Correction of error	-	-	-	(67 595)	(10 194)	(362 760)	(59 001)	(3 724)	342 000	-	(161 273)
Additions/ Purchases	-	556 055	164 201	20 000	-	-	-	-	-	-	740 256
Transfers from inventory	-	145 342	1 821 060	-	-	-	-	-	-	-	1 966 402
Newborn calves during the year	-	-	-	43 050	-	131 100	-	-	-	-	174 150
Transfers to cows/bulls	-	-	-	533 644	(115 444)	-	-	-	-	-	418 200
Transfers from steers and heifers	-	-	-	-	-	-	(533 644)	115 444	-	-	(418 200)
Transfers from weaners to steers and heifers	-	-	-	-	-	-	280 440	249 660	(530 100)	-	-
Transfers from calves to weaners	-	-	-	-	-	(80 940)	-	-	80 940	-	-
Decrease due to harvest/sales/donations	-	-	(744 473)	(571 128)	(10 194)	-	(10 745)	(510 188)	-	(3 200)	(1 849 927)
Decrease due to deaths	(19 200)	-	-	(98 907)	(10 194)	(570)	(21 489)	(7 448)	(3 420)	(28 200)	(189 428)
Decrease due to biological assets lost	-	-	-	-	-	-	(10 745)	-	-	-	(10 745)
Gains from changes in fair value	1 579 200	248 055	-	230 770	-	68 020	46 512	23 788	388 360	52 650	2 637 355
Losses from changes in fair value	-	-	(640 788)	(75 635)	(213 448)	-	-	-	-	(11 200)	(941 071)
Balance as at 30 June 2012	7 896 000	949 452	600 000	2 786 784	48 268	170 050	942 970	16 492	277 780	82 400	13 770 196
Cost/Valuation	7 896 000	949 452	600 000	2 786 784	48 268	170 050	942 970	16 492	277 780	82 400	13 770 196

	Trees in plantation R	Maize R	Potatoes R	Cows R	Bulls R	Calves R	Heifers R	Steers R	Weaners R	Sheep R	Total R
GROUP											
Balance as at 1 July 2010	5 940 000	-	-	1 561 187	150 423	257 450	1 349 759	418 950	-	255 200	11 155 169
Cost/Valuation previously reported	5 940 000	-	-	2 680 755	191 424	257 450	1 349 759	596 058	-	255 200	11 270 646
Correction of error	-	-	-	102 632	(41 001)	-	-	(177 108)	-	-	(115 477)
Newborn during the year	-	-	-	81 460	-	133 950	-	-	-	3 600	219 010
Transfers to cows/bulls	-	-	-	118 560	213 750	-	-	-	-	-	332 310
Transfers from steers and heifers	-	-	-	-	-	-	(118 560)	(213 750)	-	-	(332 310)
Transfers to steers and heifers	-	-	-	-	-	-	244 800	486 200	(731 000)	-	-
Transfers from calves/weaners	-	-	-	-	-	(299 250)	-	-	299 250	-	-
Decrease due to harvest/sales	-	-	-	(723 443)	(185 136)	(1 900)	(4 560)	(645 525)	-	-	(1 560 564)
Decrease due to deaths	-	-	-	(259 383)	(23 142)	(2 850)	(31 920)	(4 275)	-	(54 200)	(375 770)
Decrease due to livestock lost	-	-	-	-	(5 786)	-	(4 560)	-	-	-	(10 345)
Gains from changes in fair value	396 000	-	-	704 410	247 437	-	-	103 636	773 750	(132 250)	2 092 983
Losses from changes in fair value	-	-	-	-	-	(34 960)	(242 320)	-	-	-	(277 280)
Balance as at 30 June 2011	6 336 000	-	-	2 704 992	397 547	52 440	1 192 640	145 236	342 000	72 350	11 243 204
Cost/Valuation	6 336 000	-	-	2 772 587	407 740	415 200	1 251 640	148 960	-	72 350	11 404 477
Correction of error	-	-	-	(67 595)	(10 194)	(362 760)	(59 001)	(3 724)	342 000	-	(161 273)

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11.2 Non-financial information

Quantities of each biological asset

	Trees Quantity	Cows Quantity	Bulls Quantity	Calves Quantity	Heifers Quantity	Steers Quantity	Weaners Quantity	Sheep Quantity	Total Quantity
Balance as at 1 July 2011	19 800	407	39	92	333	39	100	87	20 897
Cost/Valuation	19 800	407	39	92	333	39	100	87	20 897
Additions/transfers									
Newborn calves during the year		17	-	230	-	-	-		247
Purchases		1	-	-	-	-	-		-
Transfers to cows and bulls		149	(31)	-	-	-	-		118
Transfers from steers and heifers		-	-	-	(149)	31	-		(118)
Transfers from weaners to steers and heifers		-	-	-	82	73	(155)		-
Transfers from calves to weaners		-	-	(142)	-	-	142		-
Decrease due to harvest/sales/ donations		(93)	(1)		(3)	(137)	-	(4)	(238)
Decrease due to deaths	(60)	(15)	(1)	(1)	(6)	(2)	(1)	(30)	(116)
Decrease due to livestock lost		(16)	-	-	(3)	-	-	(13)	(32)
Balance as at 30 June 2012	19 740	450	6	179	254	4	86	40	20 759
Cost/Valuation	19 740	450	6	179	254	4	86	40	20 759

11.3 Biological assets pledged as security

No biological assets were pledged as security.

11.4 Measurement of biological assets

Biological assets are carried at fair value.

11.5 Methods and assumptions used in determining the fair value

Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age less point of sale costs. Fruit trees, maize and potatoes are valued by way of on arms length transaction that would have been applied / prevailing in replacing the existing fruit trees with new fruit trees

11.6 Output of agricultural produce

	2012	2011
Agricultural produce for the year	1 549 452	-

11.7 Biological assets that died during the year

	Trees	Cows	Bulls	Calves	Heifers	Steers	Weaners	Sheep	Total
Rand value	(19 200)	(98 907)	(10 194)	(570)	(21 489)	(7 448)	(3 420)	(28 200)	(189 428)
Quantities	(60)	(15)	(1)	(1)	(6)	(2)	(1)	(30)	(116)

Most of the biological assets died due to ill-health ranging from pneumonia, liver flu, wire worm, red water and dystonia.

11.8 Financial risk management

The municipal tree plantations are exposed to the risk of damage from climatic changes, diseases, fires and other natural forces. The municipality has processes in place aimed at monitoring and mitigating those risks, including regular inspections and pest and disease control.

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11 BIOLOGICAL ASSETS - Municipality

11.1 Reconciliation of Carrying Value

	Trees in plantation R	Maize R	Potatoes R	Cows R	Bulls R	Calves R	Heifers R	Steers R	Weaners R	Total R
Balance as at 1 July 2011	6 336 000	-	-	1 420 942	397 547	52 440	1 192 640	145 236	342 000	9 886 804
Cost/Valuation - as previously reported	6 336 000	-	-	1 488 537	407 740	415 200	1 251 640	148 960	-	10 048 077
Correction of error	-	-	-	(67 595)	(10 194)	(362 760)	(59 001)	(3 724)	342 000	(161 273)
Additions/ Purchases	-	556 055	164 201	-	-	-	-	-	-	720 256
Transfers from inventory	-	145 342	1 821 060	-	-	-	-	-	-	1 966 402
Newborn calves during the year	-	-	-	-	-	131 100	-	-	-	131 100
Transfers to cows/bulls	-	-	-	533 644	(115 444)	-	-	-	-	418 200
Transfers from steers and heifers	-	-	-	-	-	-	(533 644)	115 444	-	(418 200)
Transfers from weaners to steers and heifers	-	-	-	-	-	-	280 440	249 660	(530 100)	-
Transfers from calves to weaners	-	-	-	-	-	(80 940)	-	-	80 940	-
Decrease due to harvest/sales	-	-	(744 473)	(273 258)	(10 194)	-	(10 745)	(510 188)	-	(1 548 857)
Decrease due to deaths	(19 200)	-	-	(34 157)	(10 194)	(570)	21	(7 448)	(3 420)	(74 968)
Decrease due to biological assets lost	-	-	-	-	-	-	(10 745)	-	-	(10 745)
Gains from changes in fair value	1 579 200	248 055	-	-	-	68 020	46 512	23 788	388 360	2 353 935
Losses from changes in fair value	-	-	(640 788)	(3 335)	(213 448)	-	-	-	-	(857 571)
Balance as at 30 June 2012	7 896 000	949 452	600 000	1 643 834	48 268	170 050	942 970	16 492	277 780	12 544 846
Cost/Valuation	7 896 000	949 452	600 000	1 643 834	48 268	170 050	942 970	16 492	277 780	12 544 846

	Trees in plantation R	Maize R	Potatoes R	Cows R	Bulls R	Calves R	Heifers R	Steers R	Weaners R	Total R
Balance as at 1 July 2010	5 940 000	-	-	1 561 187	150 423	257 450	1 349 759	418 950	-	9 677 769
Cost/Valuation previously reported	5 940 000	-	-	1 458 555	191 424	257 450	1 349 759	596 058	-	9 793 246
Correction of error	-	-	-	102 632	(41 001)	-	-	(177 108)	-	(115 477)
Newborn calves during the year	-	-	-	-	-	133 950	-	-	-	133 950
Transfers to cows/bulls	-	-	-	118 560	213 750	-	-	-	-	332 310
Transfers from steers and heifers	-	-	-	-	-	-	(118 560)	(213 750)	-	(332 310)
Transfers to steers and heifers	-	-	-	-	-	-	244 800	486 200	(731 000)	-
Transfers from calves/weaners	-	-	-	-	-	(299 250)	-	-	299 250	-
Decrease due to harvest/sales	-	-	-	(581 343)	(185 136)	(1 900)	(4 560)	(645 525)	-	(1 418 464)
Decrease due to deaths	-	-	-	(126 583)	(23 142)	(2 850)	(31 920)	(4 275)	-	(188 770)
Decrease due to livestock lost	-	-	-	-	(5 786)	-	(4 560)	-	-	(10 345)
Gains from changes in fair value	396 000	-	-	449 120	247 437	-	-	103 636	773 750	1 969 943
Losses from changes in fair value	-	-	-	-	-	(34 960)	(242 320)	-	-	(277 280)
Balance as at 30 June 2011	6 336 000	-	-	1 420 942	397 547	52 440	1 192 640	145 236	342 000	9 886 804
Cost/Valuation - as previously reported	6 336 000	-	-	1 488 537	407 740	415 200	1 251 640	148 960	-	10 048 077
Correction of error	-	-	-	(67 595)	(10 194)	(362 760)	(59 001)	(3 724)	342 000	(161 273)

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11.2 Operations and Principal Activities

The Adam Kok farms are utilised both for livestock production and for the production of crops and fruit. On 30 June 2012, the farm held 312 Cows, 6 Bulls, 179 Calves, 86 Weaners being raised to be Steers and Heifers being respectively 254 Heifers and 4 Steers. The livestock is valued at fair market value (valued by Sworn Appraiser) less point of sale costs.
A mass plantation of peach and apple fruit trees are held for the production of fruit, covering a total area of 18 hectares.

11.3 Non-financial information

Quantities of each biological asset

	Trees Quantity	Cows Quantity	Bulls Quantity	Calves Quantity	Heifers Quantity	Steers Quantity	Weaners Quantity	Total Quantity
Balance as at 1 July 2011	19 800	208	39	92	333	39	100	20 611
Cost/Valuation	19 800	208	39	92	333	39	100	20 611
Additions/transfers		-	-	-	-	-	-	-
Newborn calves during the year		-	-	230	-	-	-	230
Purchases		-	-	-	-	-	-	-
Transfers to cows and bulls		149	(31)	-	-	-	-	118
Transfers from steers and heifers		-	-	-	(149)	31	-	(118)
Transfers from weaners to steers and heifers		-	-	-	82	73	(155)	-
Transfers from calves to weaners		-	-	(142)	-	-	142	-
Decrease due to harvest/sales		(40)	(1)		(3)	(137)	-	(181)
Decrease due to deaths	(60)	(5)	(1)	(1)	(6)	(2)	(1)	(76)
Decrease due to livestock lost		-	-	-	(3)	-	-	(3)
Balance as at 30 June 2012	19 740	312	6	179	254	4	86	20 581
Cost/Valuation	19 740	312	6	179	254	4	86	20 581

11.4 Biological assets pledged as security

No biological assets were pledged as security.

11.5 Measurement of biological assets

Biological assets are carried at fair value.

11.6 Methods and assumptions used in determining the fair value

Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age less point of sale costs. Fruit trees, maize and potatoes are valued by way of on arms length transaction that would have been applied / prevailing in replacing the existing fruit trees with new fruit trees

11.7 Output of agricultural produce

	2012	2011
Agricultural produce for the year	1 549 452	-

11.8 Biological assets that died during the year

	Trees	Cows	Bulls	Calves	Heifers	Steers	Weaners	Total
Rand value	(19 200)	(34 157)	(10 194)	(570)	(21 489)	(7 448)	(3 420)	(96 478)
Quantities	(60)	(5)	(1)	(1)	(6)	(2)	(1)	(76)

Most of the biological assets died due to ill-health ranging from pneumonia, liver flu, wire worm, red water and dystonia.

11.9 Financial risk management

The municipal tree plantations are exposed to the risk of damage from climatic changes, diseases, fires and other natural forces. The municipality has processes in place aimed at monitoring and mitigating those risks, including regular inspections and pest and disease control.

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12 Investment property

Group	2012			2011		
	Opening fair value	Fair value adjustment	Carrying value	Opening fair value	Fair value adjustment	Carrying value
Investment property	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Municipality						
	2012			2011		
	Opening fair value	Fair value adjustment	Closing fair value	Opening fair value	Fair value adjustment	Closing fair value
Investment property	2 200 000	-	2 200 000	2 200 000	-	2 200 000

Reconciliation of investment property - Group and Municipality - 2012

	Opening balance	Fair value adjustments	Total
Investment property	2 200 000	-	2 200 000

Reconciliation of investment property - Group and Municipality - 2011

	Opening balance	Fair value adjustments	Total
Investment property	2 200 000	-	2 200 000

Investment property represents vacant land (Erf 1559) located in Port St Johns. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 30 June 2012. Revaluations were performed by an independent valuer, Mr Letlaka Ndamase. He is a Professional Associated Valuer (Registration number 5435) with a National Diploma in Property Valuation and is a member of the SA Institute of Valuers, from Valuation Network Property Valuers and consultants. Valuation Network Property Valuers and Consultants are not connected to the economic entity and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

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	Group		Municipality	
	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
13 TRADE AND OTHER PAYABLES				
Financial liabilities measured at cost	173 886 820	109 914 708	173 382 657	108 917 939
Trade and other payables	170 157 504	106 980 866	169 653 341	105 984 097
Payments received in advance	3 729 316	2 933 841	3 729 316	2 933 841
Payroll accruals	28 757 211	28 369 388	26 545 249	26 358 772
Accrual for Bonus	4 401 963	4 474 461	4 401 963	4 474 461
Accrual for Leave	24 355 249	23 894 927	22 143 286	21 884 311
Other accounts payable	2 053 614	1 166 777	-	-
Total trade and other payables	204 697 645	139 450 873	199 927 906	135 276 711
The fair value of trade and other payables approximates their carrying amounts.				
14 CONSUMER DEPOSITS				
Consumer deposits	1 053 097	678 997	1 053 097	678 997
15 VAT PAYABLE / RECEIVABLE				
VAT receivable	2 598 810	39 355 092	-	35 549 873
VAT payable	(6 595 227)	-	(6 595 227)	-
VAT is payable on a payment basis. VAT is paid over to SARS only when payment is received from debtors.				
16 Employee benefits obligations				
Other defined benefits include long service bonuses.				
The amounts recognised in the statement of financial position are as follows:				
Net liability recognised in the statement of financial position				
Projected benefit obligation	9 280 898	8 115 545	9 280 898	8 115 545
Plan assets	-	-	-	-
Net liability	9 280 898	8 115 545	9 280 898	8 115 545
The projected benefit obligation are included in trade and other payables. See note 13.				
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	8 115 545	6 076 757	8 115 545	6 076 757
Net expense recognised in the statement of financial performance	2 239 920	2 843 668	2 239 920	2 843 668
Benefits paid	(1 074 567)	(804 880)	(1 074 567)	(804 880)
Closing balance	9 280 898	8 115 545	9 280 898	8 115 545
Net expense recognised in the statement of financial performance				
Current service cost	1 484 499	1 033 675	1 484 499	1 033 675
Interest cost	644 152	503 879	644 152	503 879
Actuarial (gains)/losses	111 269	1 306 114	111 269	1 306 114
Total included in employee related costs	2 239 920	2 843 668	2 239 920	2 843 668
Calculation of actuarial gains and losses				
Actuarial (gains)/losses - Obligation	111 269	1 306 114	111 269	1 306 114
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	7.77%	8.50%	7.77%	8.50%
Subsidy inflation	5.77%	6.50%	5.77%	6.50%
Mortality of continuation members is in accordance with PA (90) ultimate male and female tables.				
The valuation is based on the Projected Unit Credit valuation method, as prescribed by IAS 19.				
General increases to the employer/s medical aid subsidy take into account the estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical cost.				
The imputation rate has been determined by reference to market yields at the balance sheet date of long term bonds. The medical imputation premium has been set based on past experience for the industry.				
The discount rate has been determined by reference to market yields at the balance sheet date of South African long-term bonds. The rate of 8.8% (2011: 9.2%) is the yield on the R186 government bond as at 30 June 2012.				
17 OBLIGATIONS UNDER TRANSFER ARRANGEMENTS				
17.1 Unspent Conditional Grants from other spheres of Government				
MIG Grants	(344 042 167)	(101 563 234)	(344 042 167)	(101 563 234)
Other	34 980 563	35 068 864	45 192 228	42 681 044
Total Unspent Conditional Grants and Receipts	(309 061 604)	(66 494 370)	(298 849 939)	(58 882 190)
17.2 Conditions and restrictions				
See note 21 for the reconciliation of grants and receipts. These amounts are invested in ring-fenced investments until utilised.				

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	Group		Municipality	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	R	R	R	R
18 FINANCE LEASE LIABILITY				
Group				
30 June 2012				
		Up to 1 Year	2 to 5 Years	Total
Amounts payable under finance leases		R	R	R
Minimum Lease Payments		262 272	396 149	658 421
Finance Costs		(70 977)	(50 771)	(121 748)
Present Value		<u>191 295</u>	<u>345 378</u>	<u>536 673</u>
Less: Amount due for settlement within 12 months (current portion)				<u>191 295</u>
				<u>345 378</u>
Municipality				
30 June 2012				
		Up to 1 Year	2 to 5 Years	Total
Amounts payable under finance leases		R	R	R
Minimum Lease Payments		262 272	396 149	658 421
Finance Costs		(70 977)	(50 771)	(121 748)
Present Value		<u>191 295</u>	<u>345 378</u>	<u>536 673</u>
Less: Amount due for settlement within 12 months (current portion)				<u>191 295</u>
				<u>345 378</u>
The average lease term is 5 years. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, prime rate applicable to each lease were applied accordingly to amortise each of the respective lease repayments. The majority of these leases have fixed repayment terms. The agreements do not provide for contingent rental payments. None of the leased equipment's ownership will pass to the municipality at the end of the respective lease terms.				
Group				
30 June 2011				
		Up to 1 Year	2 to 5 Years	Total
Amounts payable under finance leases		R	R	R
Minimum Lease Payments		262 272	629 614	891 886
Finance Costs		(70 977)	(80 692)	(151 669)
Present Value		<u>191 295</u>	<u>548 922</u>	<u>740 217</u>
Less: Amount due for settlement within 12 months (current portion)				<u>191 295</u>
				<u>548 922</u>
Municipality				
30 June 2011				
		Up to 1 Year	2 to 5 Years	Total
Amounts payable under finance leases		R	R	R
Minimum Lease Payments		262 272	629 614	891 886
Finance Costs		(70 977)	(80 692)	(151 669)
Present Value		<u>191 295</u>	<u>548 922</u>	<u>740 217</u>
Less: Amount due for settlement within 12 months (current portion)				<u>191 295</u>
				<u>548 922</u>
The average lease term is 5 years. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, prime rate applicable to each lease were applied accordingly to amortise each of the respective lease repayments. The majority of these leases have fixed repayment terms. The agreements do not provide for contingent rental payments. None of the leased equipment's ownership will pass to the municipality at the end of the respective lease terms.				
19 SERVICE CHARGES				
Sale of water	101 892 955	94 636 460	101 892 955	94 636 460
Sewerage and sanitation charges	19 105 821	11 558 775	19 105 821	11 558 775
Less: Interest on discounting	(203 873)	(149 300)	(203 873)	(149 301)
Total Service Charges	<u>120 794 902</u>	<u>106 045 935</u>	<u>120 794 902</u>	<u>106 045 935</u>
20 FINANCE INCOME				
Interest income on external investment	14 820 593	18 939 288	14 237 907	18 669 408
Interest on outstanding receivables	18 526 873	17 846 655	18 526 873	17 846 655
Total interest	<u>33 347 466</u>	<u>36 785 943</u>	<u>32 764 780</u>	<u>36 516 063</u>
21 GOVERNMENT GRANTS AND SUBSIDIES				
Equitable share	414 811 000	406 208 524	414 811 000	406 208 524
MIG Grant	437 602 445	492 705 750	437 602 445	492 705 750
Other Government Grants and Subsidies	23 809 542	98 623 273	10 524 898	92 418 639
Grant in aid income	-	17 616 777	-	17 616 777
Total Government Grants and Subsidies	<u>876 222 987</u>	<u>1 015 154 324</u>	<u>862 938 342</u>	<u>1 008 949 690</u>
21.1 Equitable Share				
In terms of the Constitution, this, amongst other grants, is used to subsidise the provision of basic services to the district's communities. In this regard, the district's service beneficiaries (water supply customers) receive an allocation of 6 kilolitres of free water a day. This translates to a subsidy of R26.40 per month (2011: R21,60), which is funded from this grant. Furthermore a part of service delivery, the District Municipality carts water to the urban and rural areas throughout the district.				
21.2 MIG Grant				
Balance unspent at beginning of year	(101 563 233)	30 530 576	(101 563 234)	30 530 576
Current year receipts	(562 773 000)	(570 955 000)	(562 773 000)	(570 955 000)
Conditions met - transferred to revenue	320 294 067	438 861 191	320 294 067	438 861 191
Conditions still to be met - remain liabilities	<u>(344 042 166)</u>	<u>(101 563 233)</u>	<u>(344 042 167)</u>	<u>(101 563 233)</u>
In terms of MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The municipality reports that at year end, the Municipality had applied to Treasury for a roll forward of all unspent conditional grants not committed to identifiable projects.				
21.3 Other Government Grants and Subsidies				
Balance unspent at beginning of year	35 068 864	(23 022 086)	42 681 043	(22 958 641)
Prior year error	(6 938 621)	2 589 612	(6 938 621)	2 589 612
Current year receipts	(33 623 851)	(43 998 035)	(30 980 278)	(36 449 300)
Conditions met - transferred to revenue	40 474 170	99 499 373	40 430 084	99 409 373
Conditions still to be met - remain liabilities	<u>34 980 563</u>	<u>35 068 864</u>	<u>45 192 228</u>	<u>42 681 044</u>
21.4 Grant in aid income				
Grant in aid income represents the value of Water Infrastructure constructed by the Department of Water Affairs (DWA) during the current year for the Municipality.	-	<u>17 616 777</u>	-	<u>17 616 777</u>
21.5 Changes in levels of government grants				
Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming financial years.				

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22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS				
22.1 OTHER INCOME				
Sundry revenue	2 154 141	502 451	2 046 603	348 607
Tender documents	1 273 702	507 006	1 273 702	507 006
Commission received	66 776	60 224	66 776	60 224
Overpayment		586 000		386 000
VAT refund (MFMA Circular No.48 Implementation)	35 387 529	67 377 502	35 387 529	67 377 502
Project income	4 406 265	2 560 544	-	-
Total Other Income	43 288 413	71 403 726	38 774 610	68 689 338
22.2 Public contributions and donations				
The municipality did not receive any in-kind donations or assistance during the current and previous year.				
23 EMPLOYEE BENEFITS				
EMPLOYEE RELATED COSTS				
Salaries and wages	138 182 901	129 031 719	120 353 844	111 787 436
Contributions for UIF, pensions and medical aids	48 182 697	24 515 591	45 230 137	21 914 184
Travel, motor car and other allowances	4 447 448	18 777 048	4 210 384	18 723 518
Housing benefits	7 049 363	6 926 912	7 049 363	6 926 912
Overtime	4 287 187	3 957 330	4 287 187	3 957 330
Bonus (13th cheque)	9 736 303	7 943 594	9 736 303	7 943 594
Performance bonuses		(220)		(220)
Provision for leave pay	5 135 322	7 738 740	5 135 322	7 738 740
Other employee related costs	646 719	1 424 939	-	210 050
Total employee costs excluding councillors	217 667 939	200 315 653	196 002 540	179 201 544
Municipality				
Remuneration of the Municipal Manager - Hlazo H T				
Annual Remuneration	743 442	-	743 442	-
Contributions to UIF	1 123	-	1 123	-
Travel and Subsistence	135 000	-	135 000	-
Total	879 565	-	879 565	-
The Remuneration for the year ended 2012 included only ten months of remuneration to the Municipal Manager as this position was vacant for the remaining two months of the year ended 30 June 2012.				
Remuneration of the Chief Finance Officer - Moleko M E				
Annual Remuneration	752 086	689 408	752 086	689 408
Contributions to UIF	1 497	1 497	1 497	1 497
Leave Paid	-	228 458	-	228 458
Travel and subsistence	382 043	325 449	382 043	325 449
Total	1 135 626	1 244 812	1 135 626	1 244 812
Remuneration of the Strategic Director - Corporate Services - Nogaga T T				
Annual Remuneration	856 588	781 517	856 588	781 517
Contributions to UIF, medical and Pension Funds	185 715	185 715	185 715	185 715
Travel and subsistence	170 944	120 000	170 944	120 000
Total	1 213 247	1 087 232	1 213 247	1 087 232
Remuneration of the Strategic Director - Planning and socio-Economic Development - Somana N T				
Annual Remuneration	1 088 806	1 020 599	1 088 806	1 020 599
Contributions to UIF	1 497	1 497	1 497	1 497
Travel Subsistence	98 983	104 342	98 983	104 342
Leave Pay	41 126	-	41 126	-
Total	1 230 412	1 126 438	1 230 412	1 126 438
Remuneration of Director - Planning and Development- Duniya A				
Annual Remuneration	849 332	786 655	849 332	786 655
Travel and Subsistence	37 792	146 166	37 792	146 166
Leave Pay	151 015	-	151 015	-
Contributions to UIF, Medical and Pension funds	95 031	95 031	95 031	95 031
Total	1 133 170	1 027 852	1 133 170	1 027 852
Remuneration of Director - Infrastructure - Khoza S				
Annual Remuneration	783 337	720 660	783 337	720 660
Travel and subsistence	163 664	127 735	163 664	127 735
Contributions to UIF, Medical and Pension funds	164 847	164 847	164 847	164 847
Total	1 111 848	1 013 242	1 111 848	1 013 242
Remuneration of Director - Human Resources - Mhlembana V				
Annual Remuneration	115 537	787 952	115 537	787 952
Travel and subsistence	20 000	138 924	20 000	138 924
Contributions to UIF	250	1 497	250	1 497
Total	135 787	928 373	135 787	928 373
The remuneration for the year ended 2012 included two months payment				
Remuneration of Director - Technical Services - M Matiso				
Annual Remuneration	932 538	869 860	932 538	869 860
Travel and subsistence	152 085	149 584	152 085	149 584
Leave Pay	37 792	124 257	37 792	124 257
Contributions to UIF, Medical and Pension funds	57 646	57 646	57 646	57 646
Total	1 180 061	1 201 347	1 180 061	1 201 347
Remuneration of Director - Water Services- Mzayiya E				
Annual Remuneration	876 900	814 223	876 900	814 223
Travel and Subsistence	83 188	100 627	83 188	100 627
Leave Pay		233 475		233 475
Contributions to UIF, Medical and Pension funds	108 096	108 096	108 096	108 096
Total	1 068 184	1 256 421	1 068 184	1 256 421
Remuneration of Director - Housing - Gqawa L				
Annual Remuneration	746 449	683 772	746 449	683 772
Travel and subsistence	241 220	274 163	241 220	274 163
Contributions to UIF, Medical and Pension funds	126 200	126 200	126 200	126 200
Total	1 113 869	1 084 135	1 113 869	1 084 135
Remuneration of Director - ICT Management - Molathwa J				
Annual Remuneration	904 271	651 483	904 271	651 483
Travel and subsistence	51 151	11 669	51 151	11 669
Contributions to UIF	1 497	1 123	1 497	1 123
Total	956 919	664 275	956 919	664 275

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23 EMPLOYEE RELATED COSTS(continued)

Remuneration of Director - Community and Social Affairs - Hlangu L

	Group		Municipality	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	R	R	R	R
Annual Remuneration	823 344	758 678	823 344	758 678
Travel and subsistence	132 575	151 792	132 575	151 792
Leave Pay	-	37 792	-	37 792
Contributions to UIF, Medical and Pension funds	117 802	117 802	117 802	117 802
Total	1 073 721	1 066 064	1 073 721	1 066 064

Remuneration of Director - Political Advisor - Mzame Z

Annual Remuneration	1 181 686	90 478	1 181 686	90 478
Contributions to UIF	1 497	125	1 497	125
Total	1 183 183	90 603	1 183 183	90 603

Remuneration of the Director - Chief Operations Officer- Mbatani B

Annual Remuneration	873 377	810 805	873 377	810 805
Contributions to UIF	1 497	1 497	1 497	1 497
Leave Pay	-	308 405	-	308 405
Travel and Subsistence	225 075	193 204	225 075	193 204
Total	1 099 949	1 313 911	1 099 949	1 313 911

Remuneration of the Director - Office of the Executive Mayor - Ncube A

Annual Remuneration	752 084	730 768	752 084	730 768
Leave Pay	-	64 429	-	64 429
Contributions to UIF	1 497	1 497	1 497	1 497
Travel Subsistence	356 586	449 067	356 586	449 067
Total	1 110 167	1 245 761	1 110 167	1 245 761

Remuneration of the Director - Internal Audit - Mbiko L

Annual Remuneration	932 538	860 010	932 538	860 010
Leave Pay	37 792	112 302	37 792	112 302
Travel and subsistence	166 398	159 334	166 398	159 334
Contributions to UIF	1 497	1 497	1 497	1 497
Total	1 138 225	1 133 143	1 138 225	1 133 143

Remuneration of Council Secretary - Tseane T

Annual Remuneration	842 286	779 609	842 286	779 609
Travel and subsistence	135 057	137 890	135 057	137 890
Leave Pay	37 792	37 792	37 792	-
Contributions to UIF, medical and pension funds	105 897	105 897	105 897	105 897
Total	1 121 032	1 023 396	1 121 032	1 023 396

Remuneration of Director - Legal Services - Mgidlana T

Annual Remuneration	802 687	740 010	802 687	740 010
Travel and subsistence	352 048	361 452	352 048	361 452
Leave Pay	-	142 590	-	142 590
Contributions to UIF, medical and pension funds	1 497	1 497	1 497	1 497
Total	1 156 232	1 245 549	1 156 232	1 245 549

REMUNERATION OF COUNCILLORS

Executive Mayor	653 559	605 089	653 559	605 089
Speaker	527 006	305 826	527 006	305 826
Mayoral Committee members	4 442 085	4 155 671	4 442 085	4 155 671
Councillors	3 751 986	3 292 195	3 751 986	3 292 195
Total Councillors' Remuneration	9 374 636	8 358 781	9 374 636	8 358 781

Municipal Entity

Remuneration of the Chief executive officer

Annual Remuneration	883 085	809 450
Travel Allowance	80 461	76 025
Cellphone Allowance	31 644	29 900
Annual Bonus	66 467	66 788
Provident fund	110 268	104 190
Total	1 171 925	1 086 353

Remuneration of the Chief financial officer

Annual Remuneration	657 551	586 053
Travel Allowance	74 041	69 960
Cell phone Allowance	20 877	19 726
Annual Bonus	39 104	39 293
Provident fund	64 873	61 297
Total	856 446	776 329

Remuneration of the Senior Manager Community Development

Annual Remuneration	633 683	565 058
Travel Allowance	65 638	62 020
Cell phone Allowance	17 642	16 670
Annual Bonus	49 401	46 624
Provident fund	76 976	72 733
Total	843 340	763 105

Remuneration of the Corporate Service manager

Annual Remuneration	564 755	468 909
Travel Allowance	74 041	69 960
Cell phone Allowance	14 707	13 896
Annual Bonus	38 504	38 690
Provident fund	61 003	60 357
Total	753 010	651 812

Remuneration of the Senior Manager - Agricultural Development

Annual Remuneration	333 739	563 861
Travel Allowance	34 668	66 245
Cell phone Allowance	7 272	13 896
Annual Bonus	46 109	46 525
Provident fund	37 983	72 579
Total	459 771	763 105

Remuneration of the Senior Manager - Municipal Support

Annual Remuneration	569 519	507 091
Travel Allowance	76 434	72 221
Cell phone Allowance	14 915	14 093
Annual Bonus	41 678	41 841
Provident fund	68 079	65 271
Total	770 625	700 516

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	R	R	R	R
23 EMPLOYEE RELATED COSTS(continued)				
Remuneration of the Company Secretary				
Annual Remuneration	533 471	481 558		
Travel Allowance	75 089	70 950		
Cell phone Allowance	17 642	16 670		
Annual Bonus	31 538	31 652		
Provident fund	52 258	49 378		
Total	709 998	650 207		
Board and Committee fees				
Board Chair				
Fees	45 000	25 000		
Travel Claim	2 881	3 565		
Other Committee members				
Ntinga O.R. Tambo Development Agency	193 805	105 291		
Total	241 686	133 856		
23 EMPLOYEE RELATED COSTS(continued)				
In-kind Benefits				
The Executive Mayor and Executive Committee Members are full-time. The new Speaker which was elected on the 18 May 2011 is also full-time, the previous Speaker was part-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor is provided with personal body guards.				
The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at less than market related rate. The Executive Mayor has use of the Council owned vehicle for official duties.				
24 DEPRECIATION AND AMORTISATION EXPENSE				
Property, plant and equipment	174 738 300	138 029 371	173 613 247	136 258 356
Intangible assets	1 243 062	2 304 526	1 217 017	2 240 335
Total Depreciation and Amortisation	175 981 362	140 333 897	174 830 264	138 498 691
25 FINANCE COSTS				
Finance lease	158 699	119 696	15 850	91 301
Interest on Bulk Water Purchases/discounting	23 625	191 851	-	-
	182 324	311 547	15 850	91 301
26 BULK PURCHASES				
Water	58 491 191	16 406 149	58 491 191	16 406 149
27 CONTRACTED SERVICES				
Contracted services for:				
Security services	6 971 592	5 678 151	6 971 592	5 678 151
Total contracted services	6 971 592	5 678 151	6 971 592	5 678 151
28 GRANTS AND SUBSIDIES PAID				
Ntinga O.R. Tambo Development Agency *	-	-	62 779 435	43 029 203
Municipal support **	9 626 138	8 520	9 626 138	8 520
Support to Traditional Authorities	276 707	34 000	276 707	34 000
Expectra 758 trading as Emfundisweni SDRC	-	3 319 084	-	-
Kei Fresh Produce Market	6 363 050	2 809 249	-	-
	16 265 895	6 170 854	72 682 280	43 071 724

* Ntinga O.R. Tambo Development Agency is an entity of the municipality responsible for the Economic Development objectives of the municipality. Accordingly and as a means to enable it to fulfil its mandate, it is recipient of allocated grant funding from the District Municipality.

** The District Municipality supported three of its local municipalities namely: Mhlontlo Local Municipality, Ingquza Hill Local Municipality and Port St Johns Local Municipality.

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29 GENERAL EXPENSES
 Included in general expenses are the following:-

	Group		Municipality	
	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
CONDITIONAL GRANT EXPENDITURE	324 674 329	199 769 724	324 674 329	208 170 627
ARTS AND CRAFT	468 890	-	468 890	-
ABATTOR	16 449	-	16 449	-
2010 SPORTS DEVELOPMENT PROGRAMME	-	-	-	-
ADVERTISING FEES	832 211	527 295	446 086	518 377
ASSESSMENT RATES	1 059 966	1 308 665	1 059 966	1 308 665
ASSISTANCE TO EX-COMBATANTS	251 539	-	251 539	-
AUDIT COMMITTEE ALLOWANCES	290 309	239 022	42 000	75 166
ACCOUNTING & AUDIT FEES	4 504 058	4 589 101	2 798 688	2 618 025
Asset write-offs	312 720	22 614	-	-
AWARENESS OF IT POLICIES	9 876	-	9 876	-
BANK COSTS	992 410	821 168	936 819	783 212
BOOKS & PUBLICATIONS	32 242	-	32 242	-
CEREMONIAL FUNCTION	195	329 000	195	329 000
CHILD PROTECTION SERVICES	142 300	74 448	142 300	74 448
CLEANING MATERIALS	554 934	803 172	493 032	753 606
COASTAL SAFETY	88 939	-	88 939	-
COMMUNICATION	451 797	714 510	451 797	714 510
COMMUNITY PARTICIPATION & RO	802 157	708 054	802 157	708 054
CONFERENCE FEES	666 066	289 060	666 066	289 060
CONSULTANTS & PROFESSIONAL FE	16 089 265	5 426 724	15 995 312	5 366 414
CORPORATE EXPENDITURE	141 949	86 291	141 949	86 291
CORPORATE EXPENSES	4 403	-	4 403	-
CORPORATE GIFTS	-	45 813	-	45 813
COUNCILLORS	68 935	-	68 935	-
COUNCILLORS WORKING TOOLS	724 481	-	724 481	-
COUNCIL RECEPTIONS	228 481	550 449	228 481	550 449
COUNCIL AND COMMITTEES	2 893 484	-	2 893 484	-
COUNCIL MEETINGS	827 108	-	827 108	-
CO-OPERATIVES SUPPORT	865 964	-	865 964	-
CUSTOMER RELATIONS SERVICES	1 130 187	-	1 130 187	-
DISASTER MANAGEMENT INFORMAT	306	-	306	-
DISASTER MANAGEMENT SUMMIT	732 778	-	732 778	-
DISASTER PREPAREDNESS AND RE	551 578	-	551 578	-
DISTRICT PLANNING STRATEGY	587	-	587	-
DISTRICT SPEAKER'S FORUM	336 232	-	336 232	-
DISTRICT SPORTS COUNCIL	64 917	68 954	64 917	68 954
DROUGHT RELIEF FUNDING OPEN	7 149 346	-	7 149 346	-
EMPLOYEE ASSISTANCE PROGRAM	161 478	119 877	161 478	119 877
FUNCTIONS & STAFF WELFARE	238 876	76 736	233 526	65 467
EARLY CHILDHOOD DEVELOPMENT	363 417	-	363 417	-
ENVIRONMENTAL RISK ASSESSMENT	65 894	-	65 894	-
ENVIRONMENTAL AUDIT	82	-	82	-
ENVIRONMENTAL AWARENESS	26 418	-	26 418	-
ENVIRONMENTAL MANAGEMENT PLA	3 449	-	3 449	-
ESTABLISHMENT OF ARCHIVES	599 113	-	599 113	-
FARMS OPERATIONS	1 160 913	3 806 333	1 160 913	3 806 333
FINANCIAL ACADEMIC ASSISTANC	2 169 958	1 842 178	2 169 958	1 842 178
FINANCIAL & BUDGETING REFORM	1 322	-	1 322	-
FIRE AND EMERGENCY SERVICES	1 562 219	-	1 562 219	-
FORT DONALD DEVELOPMENT	225 537	-	225 537	-
FREE BASIC SERVICES (EXP)	866 844	529 982	866 844	529 982
FREE BASIC SERVICES - WATER	1 797 520	-	1 797 520	-
GROUP LIFE ASSURANCE SCHEME	2 829 662	999 308	2 829 662	999 308
HIRE - EQUIPMENT & MACHINERY	2 963 401	2 280 400	2 963 401	2 280 400
HIV/AIDS (ORTOM & INKQYO PR	403 375	516 934	403 375	516 934
HIV/AIDS COMMUNITY AWARENESS	1 311 171	1 084 061	1 311 171	1 084 061
HOUSING FORUMS	13 352	-	13 352	-
HOUSING SUMMIT	144 471	-	144 471	-
Housing projects - launches	-	13 842	-	13 842
INTEGRATED DEVELOPMENT PLAN	612	-	612	-
INTEGRATED WASTE MANAGEMENT	150 407	-	150 407	-
INTER-GOVERNMENTAL RELATIONS	1 661 889	-	1 661 889	-
INDIGENT SUBSIDIES (EXP)	268 246	-	268 246	-
INGQUZA HILL MASSACRE (PONDO	918 071	-	918 071	-
INSURANCE - EXTERNAL	1 385 627	1 562 817	1 092 322	1 156 902
INTRANET DEVELOPMENT	218 782	-	218 782	-
INTEREST AND PENALTIES	15 847	123	15 847	123
INTEGRATED SPATIAL MANAGEME	156 003	-	156 003	-
INTER-GOVERNMENTAL RELATIONS	1 661 889	165 968	1 661 889	165 968
INTERNATIONAL RELATIONS	541 266	-	541 266	-
INTERNSHIP PROGRAMME	247 866	1 034 151	247 866	1 034 151
INVESTMENT CONFERENCE	83	-	83	-
IT EQUIPMENT REPAIRS	162 058	-	162 058	-
Community training	-	1 102 250	-	1 102 250
LEGAL FEES	1 103 032	551 550	1 088 073	551 550
LICENSE FEES	2 186 147	2 651 940	2 105 141	2 576 842
LOCAL ECONOMIC DEVELOPMENT P	1 341	-	1 341	-
LOCAL ECONOMIC DEVELOPMENT S	476	-	476	-
Loss on the sale of assets	32 053	46 473	-	-
LM TOURISM PLAN DEVELOPMENT	165	-	165	-
LOCAL LABOUR FORUM PROGRAMME	79 184	-	79 184	-
MAINTENANCE OF PIPE LEAKS	5 989 488	-	5 989 488	-
MAYORAL RECEPTION FUND	13 477	32 211	13 477	32 211
MAYORAL IMBIZO	689 369	1 609 598	689 369	1 609 598
MAYOR'S SECTORAL ENGAGEMENT	886 434	1 514 391	886 434	1 514 391
MEDICAL EXAMINATION	38 620	-	38 620	-
MEMBERSHIP FEES	105 918	102 567	13 932	12 503
MTHATHA RIVER HEALTH CAMPAIG	1 701 760	-	1 701 760	-
MORAL REGENERATION PROGRAMS	34 350	49 904	34 350	49 904
MUD SCHOOL INTERVENTIONS	985 337	-	985 337	-
Sub-total carried forward	406 105 560	238 067 657	402 723 031	243 525 445

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29 GENERAL EXPENSES (continued)

	Group		Municipality	
	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
Sub-total brought forward	406 105 560	238 067 657	402 723 031	243 525 445
MUNICIPAL HEALTH SERVICES	1 989 269	1 100 816	1 989 269	1 100 816
NGWENI POULTRY PROJECT	135 318	-	135 318	-
Ntinga Project Expenditure	30 082 959	25 718 890	-	-
NXEKAZI WATER SUPPLY	1 292 828	-	1 292 828	-
OFFICE RENTAL	1 251 090	1 587 734	67 249	214 366
OR TAMBO MONTH	2 221 381	1 331 779	2 221 381	1 331 779
OCCUPATIONAL HEALTH & SAFETY	274 637	-	274 637	-
OTHER OPERATING EXPENDITURE	5 603 350	68 657 428	3 878 655	68 677 404
OVERSIGHT COMMITTEE & ROADSH	304 534	-	304 534	-
POSTAGE	180 187	143 385	177 525	140 792
POVERTY RELIEF PROGRAMME	2 586 697	2 655 014	2 586 697	2 655 014
PHASE 1 AWARENESS CAMPAIGN (66 109	-	66 109	-
PRIMARY HEALTH CARE	36 091	115 943	36 091	115 943
PRINTING & STATIONERY	2 832 125	2 999 141	2 659 898	2 886 937
POLICY REGISTER	77 448	-	77 448	-
PROTECTIVE CLOTHING	714 512	613 485	714 512	613 485
PUBLIC PARTICIPATION&SECTION	1 098 316	-	1 098 316	-
PUBLIC TRANSPORT	250 320	243 189	250 320	243 189
REFURBISHMENT OF WATER SCHEM	341 968	-	341 968	-
RESEARCH & DEVELOPMENT	727 127	-	727 127	-
RISK MANAGEMENT	168 401	-	168 401	-
RELOCATION COSTS	74 322	66 833	74 322	61 618
RENTAL OF IT EQUIPMENT	809 065	-	809 065	-
RIVER HEALTH PROGRAM	1 635	-	1 635	-
SAFETY AND SECURITY PROGRAMM	5 909	136 576	4 574	110 357
SALGA FEES	1 586 145	1 303 136	1 586 145	1 303 136
SCIENTIFIC DISASTER MANAGEME	921 123	212 247	921 123	212 247
SERVICE DELIVERY TURN	14 730	-	14 730	-
SEWERAGE RETICULATION	10 773 261	-	10 773 261	-
SECURITY SYSTEMS AND MUNICIP	385 465	-	385 465	-
SKILLS DEVELOPMENT & CAPACIT	6 705 525	231 713	6 705 525	231 713
SMME Development programme	-	553 309	-	553 309
SPRING PROTECTION	1 100 405	-	1 100 405	-
SOCIAL RELIEF PROGRAMME	287 917	491 156	287 917	491 156
STANDING ORDERS & RESOLUTION	137 800	-	137 800	-
SPORTS ARTS CULTURE & HERITA	1 192 432	565 871	1 192 432	565 871
STIPEND FOR EMERGENCY VOLUNT	473 132	-	473 132	-
STRATEGIC INTERVENTION PLAN	3 049 605	-	2 575 990	-
SPUS - CHILDREN	2 046 926	1 079 491	2 046 926	1 079 491
SPUS - OLD AGE	534 254	90 048	534 254	90 048
SPUS - PHYSICALLY CHALLENGED	481 649	104 379	481 649	104 379
SPUS - WOMEN	494 003	348 732	494 003	348 732
SPUS - YOUTH	650 372	669 269	650 372	669 269
SUNDRY EXPENSES	2 672	-	2 672	-
SUBSISTENCE & TRAVELLING	10 013 757	4 951 137	9 574 584	4 780 537
TELEPHONE	4 776 314	4 399 686	4 552 527	4 126 193
TOURISM - MARKETING	260 020	37 114	260 020	37 114
TOURISM EDUCATION & AWARENES	467 599	1 121 438	467 599	1 121 438
TRANSFER OF SPORT FACILITIES	-	666 922	-	666 922
TSOLO JUNCTION PROJECT	21 640	-	21 640	-
VEHICLE FUEL & OIL	6 194 462	8 201 319	5 337 383	7 307 616
VILLAGE WATER COMMITTEES	13 941 903	14 998 191	13 941 903	14 998 191
VIP PROTECTION UNIT	423 150	550 254	423 150	550 254
WASTE WATER MANAGEMENT	5 139 571	3 127 569	5 139 571	3 127 569
WATER PURIFICATION CHEMICALS	15 512 103	8 505 247	15 512 103	8 505 247
WATER QUALITY MONITORING	8 472	101 680	8 472	101 680
WATER CARTING EXPENDITURE	527 823	-	527 823	-
WATER PUMP STATIONS	10 175 936	-	10 175 936	-
WHIPPERY SUPPORT	1 565 192	1 039 229	1 565 192	1 039 229
WORKMEN'S COMPENSATION FUND	454 048	798 794	454 048	798 794
WORKPLACE TRAINING	3 110 364	258 110	2 717 945	258 110
TOURISM ORGANISATIONS REGION	16 122	-	16 122	-
WARD BASED PLANNING INFORMAT	619 350	81 422	619 350	81 422
	563 296 396	397 925 331	524 360 077	374 826 813

30 GAIN ON SALE OF ASSETS

Biological assets	801 978	3 732 989	801 978	3 590 889
Cost of sale	(1 538 112)	(1 519 184)	(1 538 112)	(1 377 084)
Total (loss) Gain on Sale of Assets	(736 134)	2 213 805	(736 134)	2 213 805

31 IMPAIRMENT LOSS

Loss of biological assets due to natural death and losses	262 183	401 622	85 733	214 622
	262 183	401 622	85 733	214 622

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32 INCREASE IN FAIR VALUE OF BIOLOGICAL ASSETS				
Gains from changes in fair value	2 549 356	2 054 637	2 222 886	1 846 537
	2 549 356	2 054 637	2 222 886	1 846 537
33 CASH GENERATED FROM / (UTILISED IN) OPERATIONS				
Surplus/(Deficit) for the year	(35 196 588)	375 379 709	(47 461 146)	375 480 649
Adjustment for:-				
Prior year adjustments	(48 854 532)	2 218 446	(48 854 532)	2 218 446
Depreciation and amortization	175 959 415	140 333 897	174 808 316	138 498 691
Gain/ loss on disposal of assets	768 188	(2 213 805)	736 134	(2 213 805)
Finance costs	182 324	190 561	15 850	91 301
Fair value adjustments	1 896 395	(1 969 577)	2 222 886	(1 846 537)
Impairment loss	398 433	36 566	85 733	214 622
Debt impairment	25 845 661	58 112 922	25 845 661	58 112 922
Bad debt write off	21 004	(26 042 780)	-	(26 042 780)
Loss due to natural death of livestock	176 450	(269 880)	-	-
Provision for leave pay	-	101 937	-	-
Discounting of debtors	85 076	28 314	203 873	149 301
Movement in reserves	262	291	262	291
Interest earned	(582 686)	-	-	-
Other non cash items	(87)	-	-	-
Donations	82 331	(69 863 610)	-	(69 863 610)
Operating surplus before working capital changes:	120 781 645	476 042 991.73	107 603 037	474 799 491
(Increase)/Decrease in inventories	(117 026)	(1 325 299)	25 071	(1 305 388)
(Increase)/Decrease in trade receivables from exchange transactions	(54 559 406)	(36 938 670)	(52 904 275)	(37 025 966)
(Increase) in other receivables from other-exchange transactions	(1 203 782)	204 358	(1 203 782)	204 358
(Increase)/decrease in VAT receivable	43 351 510	(24 137 541)	42 145 100	(23 108 308)
Increase/(decrease) in trade and other payables from exchange transactions	66 872 652	(108 683 599)	63 669 244	(105 473 306)
(Decrease) in other payables	795 474	(313 551)	795 474	(313 551)
Increase in advances	374 100	-	374 100	-
Increase in provisions	(192 630)	4 391 420	(192 630)	4 362 503
Increase/(decrease) in unspent conditional grants and receipts	239 967 749	66 367 294	239 967 749	66 367 294
Decrease in current portion of lease liability	1 444	(114 058)	-	-
Cash generated from / (utilised in) operations	416 071 730	375 493 346	400 279 088	378 507 127
34 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Bank balances and cash	454 616 303	158 646 854	427 551 056	146 955 781
Net cash and cash equivalents (net of bank overdrafts)	454 616 303	158 646 854	427 551 056	146 955 781
35 CORRECTION OF ERRORS				
Correction to Infrastructure Assets	436 070 790	85 258 569	436 070 997	85 258 569
Reversal of an expense incorrectly accrued	16 922 626	668 132	16 958 367	668 132
Accounting for Intangible Assets and Stock adjustments relating to Prior Year	2 401 824	-	2 401 824	-
Expenditure not accrued for in prior year	-	(464 029)	-	(464 029)
Correction of calculation errors in opening balances	(12 659 293)	-	(12 659 293)	-
Correction of opening balances for grant funds	6 938 621	2 634 163	6 938 621	2 634 163
Adjustment of Mbitana Consumption	-	(619 821)	-	(619 821)
Error relating to prior year bank adjustments	(4 304 161)	-	(4 304 161)	-
Accounting for long-service leave accrual	8 115 546	-	8 115 546	-
Correction of error	-	(2 528 403)	-	-
Net effect on Statement of Financial Position and net effect on Accumulated Surplus				
Opening Balance	453 485 952	84 948 612	453 521 901	87 477 015
36 CHANGE IN ESTIMATE				
There was no change in estimate for the period ended 30 June 2012.				

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	R	R	R	R
37 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT				
37.1 Contributions to organised local government				
Opening balance	-	-	-	-
Council subscriptions	1 586 145	1 303 136	1 586 145	1 303 136
Amount paid - current	(1 586 145)	(1 303 136)	(1 586 145)	(1 303 136)
Amount paid - previous years	-	-	-	-
Balance unpaid (included in payables)	-	-	-	-
SALGA subscriptions for the current and prior financial year.				
37.2 Audit fees				
Opening balance	45 129	16 279	5 920	14 090
Current year audit fee	4 135 041	4 655 701	2 390 463	2 645 416
Amount paid - current year	(4 105 138)	(4 610 572)	(2 360 560)	(2 639 496)
Amount paid - previous years	(45 129)	(16 279)	(5 920)	(14 090)
Balance unpaid (included in payables)	29 903	45 129	29 903	5 920
37.3 PAYE and UIF				
Opening balance	(117)	341 838	(117)	(910)
Current year payroll deductions	42 040 513	37 532 878	37 348 052	33 767 733
Amount paid - current year	(41 678 676)	-37 532 085	(37 340 582)	(33 766 940)
Amount paid - previous years	(443)	(342 748)	(443)	-
Balance unpaid (included in payables)	361 277	(117)	6 910	(117)
37.4 Pension and Medical Aid Deductions				
Opening balance	-	4 394	-	4 394
Current year payroll deductions and Council Contributions	35 742 726	31 482 497	33 410 903	29 843 768
Amount paid - current year	(35 743 085)	(31 482 497)	(33 410 903)	(29 843 768)
Amount paid - previous years	-	(4 394)	-	(4 394)
Balance unpaid (included in payables)	(359)	-	-	-
37.5 Councillor's arrear consumer accounts				
The following Councillors had arrear accounts outstanding as at: -				
	Total	Outstanding 90 days and less	Total	Outstanding 90 days and less
	R	R	R	R
As at 30 June 2011				
Councillor M.N. Mvanyashe	3 320	125	3 320	125
Councillor H.N. Wellem	323	323	323	323
Councillor H.S. Tayi	373	373	373	373
Councillor S. Nidabeni	7 184	385	7 184	385
Councillor M.J. Ndamase	5 563	813	5 563	813
Councillor F.N. Solidita	11 684	944	11 684	944
Councillor J.P. Gwadiso	12 735	1 083	12 735	1 083
Councillor N.Madalane	3 192	622	3 192	622
Councillor T. Luvula	4 736	197	4 736	197
Total Councillor Arrear Consumer Accounts	49 111	4 866	49 111	4 866
As at 30 June 2012				
Councillor K. D. Mandita	1 076	369	1 076	369
Councillor V. O. Gwadiso	29 741	1 926	29 741	1 926
Councillor N. Nelani	2 748	564	2 748	564
Councillor S. Mlamli	43 220	1 273	43 220	1 273
Councillor N. A. Ndlela	20 761	1 309	20 761	1 309
Councillor M. W. Ndzwayibba	28 645	1 473	28 645	1 473
Councillor L. Maiba	6 302	435	6 302	435
Councillor M. Bunzana	16 916	1 417	16 916	1 417
Total Councillor Arrear Consumer Accounts	149 409	8 765	149 409	8 765
37.6 Expenditure incurred in terms of Paragraph 36(1)(a) and (b) of the Municipal Supply Chain Management Policy				
Paragraphs 36(1)(a) and (b) of the Municipality's supply chain management policy stipulate that the accounting officer may dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:				
- in an emergency;				
- if such goods or services are produced or available from a single provider only;				
- for the acquisition of special works of art or historical objects where specifications are difficult to compile;				
- acquisition of animals for zoos and/or nature and game reserves; or				
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and				
ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.				
Expenditure in emergency situations	-	1 776 243	-	1 776 243
Expenditure in respect of single service providers	4 284 759	8 489 482	-	7 233 045
Total value of expenditure	4 284 759	10 265 724	-	9 009 287

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CONSOLIDATED FINANCIAL STATEMENTS
NOTES THE FINANCIAL STATEMENTS
For the period ended 30 June 2012

	Group		Municipality	
	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
38 CAPITAL COMMITMENTS				
38.1 Commitments in respect of capital expenditure				
- Approved and contracted for	168 354 741	46 849 048	156 464 228	46 141 425
Infrastructure	156 464 228	46 141 425	156 464 228	46 141 425
Other	11 890 513	707 623	-	-
- Approved but not yet contracted for				
Infrastructure	1 505 636 334	534 421 049	1 505 636 334	534 421 049
Total	1 673 991 075	581 270 097	1 662 100 562	580 562 474
This expenditure will be financed from:				
- Government Grants	1 673 991 075	581 270 097	1 662 100 562	580 562 474
	1 673 991 075	581 270 097	1 662 100 562	580 562 474
39 CONTINGENT LIABILITY				
39.1 Claim for damages	19 025 770	17 728 919	19 025 770	14 999 554
39.2 SCHEDULE OF CURRENT YEAR LISTING OF CONTINGENT LIABILITIES AS AT 30 JUNE 2012				
NATURE OF CLAIM & COMMENCEMENT OF CLAIM	AMOUNT CLAIMED	AMOUNT CLAIMED	AMOUNT CLAIMED	AMOUNT CLAIMED
Claims have been lodged for failure to honour a cession agreement. Council is contesting the claim based on legal advice.	187 981	521 039	187 981	521 039
Summons from service providers have been received for failure to honour contracts. On the basis of legal advice the municipality is contesting the claim.	8 315 654	8 315 654	8 315 654	8 315 654
Claims have been lodged against the municipality. They are in lieu of services rendered. On the basis of legal opinion, the municipality is contesting the claims.	3 320 136	2 970 680	3 320 136	2 970 680
The municipality is being sued for breach of agreement resulting to loss of earnings. Municipality contested the claim.	5 536 830	2 000 000	5 536 830	2 000 000
The municipality is being sued for damages suffered in a motor accident that occurred. On the basis of legal opinion the municipality is contesting the claim.	640 000	200 000	640 000	200 000
The municipality is being sued for damages on the claimant's property. The municipality is contesting the claim	15 000	100 000	15 000	100 000
Claims have been lodged for damage to telephone infrastructure. The municipality is contesting the claim.	551 620	433 633	551 620	433 633
Claims have been lodged for the damage to motor vehicles. The municipality is contesting the claim	50 923	50 923	50 923	50 923
The municipality is being sued for failure to report a diseased employee to the provident fund for payment of proceeds. The municipality is contesting the claim	407 626	407 626	407 626	407 626
Umzikantu Red Meat Abattoir has a pending legal claim in respect on an unknown invoice dating back to previous periods. This is still under investigation as no contractual There is a pending litigation against the entity by Sonduluntu Trade Investments . As per Ntinga's legal representatives, there is no decision taken by the courts yet. The case is still	-	9 365	-	-
	-	2 720 000	-	-
Claim for damages	19 025 770	17 728 919	19 025 770	14 999 554
The timing and amount of these contingent liabilities is uncertain as these will be determined by the courts.				
40 RELATED PARTIES				
40.1 Relationships				
Wholly controlled municipal entity				<i>O.R Tambo Ntinga Development Agency - Refer to note 40.2</i>
Members of key management				<i>Refer to general information</i>
Members of Council				<i>Refer to general information</i>
40.2 Other related party relationships				
O R Tambo Ntinga Development Agency (the Agency)				<i>A Municipal entity wholly controlled by the Municipality</i>
The Agency (an Association Incorporated under Section 21 of the Companies Act, Act No.61, of 1973) established by the District Municipality to promote and implement sustainable Local Economic Development through a myriad of initiatives, programs and projects throughout the District. By its nature therefore, in turn the Agency has a number of standalone and semi-standalone projects and entities which they themselves become related parties to the District Municipality in their own right.				
Related party balances				
In terms of Section 164.1 (c) of the MFMA, the municipality may not grant loans to its councillors, management , staff and public with effect from 1 July 2004				
No related party balances were identified for the current reporting period.				
Related party transactions				
O R Tambo Ntinga Development Agency: Grant Paid	-	-	62 779 435	43 029 203
Expenditure of farm operations	-	161 365	8 889 957	8 562 268
December Salary overpayment not immediately recovered	1 379 919	-	1 379 919	-
Key Management and Councillors receive and pay for services on the same terms and conditions as other rate payers				
These transactions are recorded at arms length.				
41 EVENTS AFTER THE REPORTING DATE				
No material fact or circumstance has occurred between the accounting date and the date of this report.				

O.R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
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For the period ended 30 June 2012

Group		Municipality	
30 June 2012	30 June 2011	30 June 2012	30 June 2011
R	R	R	R

42 RISK MANAGEMENT

42.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one major receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are insolvency rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Cash and cash equivalents	454 616 303	158 646 854	427 551 056	146 955 781
Trade receivables from exchange transactions	69 633 461	16 718 130	69 614 515	16 710 240
Other receivables from exchange transactions	4 235 656	1 387 799	2 332 554	1 128 772
	528 485 420	176 752 783	499 498 125	164 794 793

These balances represent the maximum exposure to credit risk.

The Municipality does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current or prior year. In addition, there were no instances during the current or prior year where the Group has taken possession of collateral it holds as security.

There are no financial assets that would have been past due or impaired had the terms not been renegotiated for the current or prior year.

The analysis of overall credit risk exposure indicates that the Municipality has trade receivables that are impaired at the reporting date.

The financial assets are analysed below:

Group	30 June 2012		
	Gross	Net	Impairment losses
Trade receivables	290 714 821	69 633 461	221 081 360
	290 714 821	69 633 461	221 081 360
Company	30 June 2012		
	Gross	Net	Impairment losses
Trade receivables	290 674 871	69 614 515	221 060 356
	290 674 871	69 614 515	221 060 356
Group and company	30 June 2011		
	Gross	Net	Impairment losses
Trade receivables	211 783 525	16 718 130	195 065 395
	211 783 525	16 718 130	195 065 395

43 RESTATEMENT OF COMPARATIVE INFORMATION

The prior year figures have been reclassified, as far as it is practicable, to comply with the current reporting requirements.

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Housing projects	-	7 233 044	-	7 233 044
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No criminal or disciplinary steps were taken as a consequence of above expenditure.

44.2 Fruitless and wasteful expenditure

Opening balance	13 860 811	13 729 040	13 860 811	13 729 040
Penalties and interest on late payment of PAYE, UIF and SDL to SARS	142 849	131 771	-	131 771
Condoned or written off by the Board	(142 849)	-	-	-
Fruitless and wasteful expenditure awaiting condonement	13 860 811	13 860 811	13 860 811	13 860 811

44.3 Irregular expenditure

Opening balance	320 765 191	4 392 407	320 765 191	-
Add: Irregular expenditure - current year	183 969 448	320 765 191	183 969 448	320 765 191
Less: Amounts awaiting condonement	-	(4 392 407)	-	-
	504 734 639	320 765 191	504 734 639	320 765 191

Current year detail	183 969 448	320 765 191	183 969 448	320 765 191
Expenditure where three quotes were not obtained	21 150 293	18 205 521	21 150 293	18 205 521
Suppliers who did not have tax clearance certificates	15 353 615	12 019 181	15 353 615	12 019 181
Non compliance to procurement procedures	2 464 680	290 540 489	2 464 680	290 540 489
December Salary overpayment not recovered in the month following overpayment	1 379 919	-	1 379 919	-
Construction of VIP sanitation	25 455 374	-	25 455 374	-
Advances on materials	3 743 033	-	3 743 033	-
Infrastructure and services deviations	114 422 534	-	114 422 534	-

45 OPERATING LEASE ARRANGEMENTS

The Entity as Lessee:

At the Statement of Financial Position date the Entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	(208 362)	36 146	-	-
2 to 5 years	245 952	-	-	-
Total Operating Lease Arrangements	37 590	36 146	-	-

The capitalised finance lease agreement was for a Backhoe Loader acquired by the Agency at an amount of R 488,098, with monthly repayments of R11,296 repayable over a period of five years at an interest rate of 10.5%

OR TAMBO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

46 STATEMENT OF BUDGET VERSUS ACTUAL INFORMATION

R thousands or R	2011/12								
	Original Budget	Budget Adjustments <i>(i.t.o. s28 and s31 of the MFMA)</i>	Virement <i>(i.t.o. Council approved by-law)</i>	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
Financial Performance									
Property rates									
Service charges	110 450 000	14 994 438		125 444 438	120 794 902		4 649 535	96%	109%
Investment revenue	9 774 338	1 500 000		11 274 338	32 764 780		(21 490 442)		
Transfers recognised - operational	715 798 729	(318 263 640)		397 535 089	749 040 938		(351 505 849)	188%	105%
Other own revenue	99 245 455	20 560 982		119 806 437	41 012 948		78 793 489	34%	41%
Total Revenue (excluding capital transfers and contributions)	935 268 522	(281 208 220)	-	654 060 302	943 613 569		(289 553 267)	144%	101%
Employee costs	246 460 603	(38 287 542)		208 173 061	196 002 540		12 170 521	94%	80%
Remuneration of councillors	9 525 789	606 161		10 131 950	9 374 636		757 314	93%	98%
Debt impairment	27 500 000	-		27 500 000	25 845 661		1 654 339	94%	94%
Depreciation & asset impairment	150 000 000	-		150 000 000	174 915 997		(24 915 997)	0%	0%
Finance charges	-	-		-	15 850		(15 850)	0%	0%
Materials and bulk purchases	71 545 408	-		71 545 408	58 491 191		13 054 217	82%	82%
Transfers and grants	64 295 648	8 094 000		72 389 648	72 682 280		(292 632)	0%	0%
Other expenditure	515 941 074	(251 620 839)		264 320 235	567 643 964		(303 323 729)	215%	110%
Total Expenditure	1 085 268 522	(281 208 220)	-	804 060 302	1 104 972 119	-	(300 911 817)	137%	102%
Surplus/(Deficit)	(150 000 000)	(0)	-	(150 000 000)	(161 358 550)		11 358 550	108%	108%
Transfers recognised - capital	280 806 270	440 575 072		721 381 342	113 897 404		607 483 938	16%	41%
Contributions recognised - capital & contributed assets		-		-					
Surplus/(Deficit) after capital transfers & contributions	130 806 270	440 575 072	-	571 381 342	(47 461 146)		618 842 488	-8%	-36%
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	130 806 270	440 575 072	-	571 381 342	(47 461 146)	-	618 842 488	-8%	-36%
Capital expenditure & funds sources									
Capital expenditure	280 806 270	440 575 072		721 381 342	119 552 752		607 483 938	0%	43%
Transfers recognised - capital	280 806 270	440 575 072		721 381 342	119 552 752		601 828 590	0%	43%
Public contributions & donations	-	-		-	-		-	0%	0%
Borrowing	-	-		-	-		-		
Internally generated funds	-	-		-	-		-	0%	0%
Total sources of capital funds	280 806 270	440 575 072		721 381 342	119 552 752		601 828 590	0%	43%
Cash flows									
Net cash from (used) operating	280 693 770	444 187 572		724 881 342	400 263 238		324 618 104	55%	143%
Net cash from (used) investing	(280 806 270)	(400 664 072)		(681 470 342)	(119 838 521)		(561 631 821)	18%	43%
Net cash from (used) financing	-	-		-	170 557		(170 557)	0%	0%
Cash/cash equivalents at the year end	210 367 463	(20 000 682)		190 366 781	280 595 275		(90 228 494)	147%	133%

OR TAMBO DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

2011 Actual Income	2011 Actual Expenditure	2011 Surplus / (Deficit)		2012 Actual Income	2012 Actual Expenditure	2012 Surplus / (Deficit)
R	R	R		R	R	R
3 265 724	61 674 856	(58 409 132)	Executive & Council	4 264 971	104 020 612	(99 755 641)
622 431 498	283 938 734	338 492 764	Finance & Admin	612 916 265	138 576 538	474 339 727
1 556 795	67 275 174	(65 718 379)	Planning & Development	11 940 729	83 841 676	(71 900 947)
2 000	2 971 688	(2 969 688)	Health		2 846 765	(2 846 765)
7 946 869	8 051 263	(104 393)	Community & Social Services	3 583 217	8 014 679	(4 431 461)
1 258 447	16 565 793	(15 307 347)	Public Safety		18 239 592	(18 239 592)
563	2 303 935	(2 303 373)	Sport & Recreation		3 489 918	(3 489 918)
			Human Settlement	1 732 869	8 530 100	(6 797 231)
-	7 839 826	(7 839 826)	Environmental Protection		8 518 841	(8 518 841)
1 066 525	1 233 106	(166 581)	Road Transport		4 603 511	(4 603 511)
581 170 530	390 704 625	190 465 905	Water	423 072 922	721 839 301	(298 766 379)
5 598 836	6 258 138	(659 301)	Other		2 450 588	(2 450 588)
1 224 297 787	848 817 138	375 480 649		1 057 510 973	1 104 972 120	(47 461 147)
1 224 297 787	848 817 138	375 480 649	Total	1 057 510 973	1 104 972 120	(47 461 147)

O.R. TAMBO DISTRICT MUNICIPALITY
APPENDIX G
DETAILED SCHEDULE OF CONDITIONAL GRANTS AND RECEIPTS
AS AT 30 JUNE 2012

Grant name	Opening opening balance 01 July 2011	Current year receipts	Revenue Expenditure	Capital Expenditure	Prior Year Adjustment	Closing balance (Unutilised funds) 30 June 2012
NATIONAL GRANTS						
Aids Training Information and Counsel Fund	(1 893 051)	(4 612 670)	3 455 612	68 843		(2 981 266)
BSRP Projects	(693 934)					(693 934)
CBPWP	(43 251)					(43 251)
Community Development Workers' Fund	228 809					228 809
KDC Disaster Management	(294 099)					(294 099)
DWA Projects	50 265 607	(15 894 726)	27 578 265			61 949 146
Establishment Fund (Grants Received)	(4 413 212)					(4 413 212)
Financial Management Grant	0	(1 250 000)	1 272 631			22 631
Fire and Emergency	(432 419)					(432 419)
HIV / AIDS Programme	(65 732)					(65 732)
IFESH	(51 095)					(51 095)
Income Generating Projects	(505 668)					(505 668)
Intergrated Development Fund	(229 221)					(229 221)
Intergrated Transport Fund	836 045	(1 688 000)	651 996			(199 959)
IRDP Project Fund	(959 230)					(959 230)
Job Evaluation Fund	4 664					4 664
LGWSETA	(89 262)					(89 262)
LG SETA	(955 744)					(955 744)
Libraries and Information Fund	(3 086 744)	(5 890 000)	3 667 886			(5 308 859)
Mbizana Drought Relief Fund	(13 212)					(13 212)
MIG Fund	(101 563 234)	(562 773 000)	206 396 663	113 897 404		(344 042 167)
MSIG Projects	(0)	(790 000)	851 100			61 099
SPU Youth Development Project Fund	(168 270)					(168 270)
Survey and Planning Project	(20 561)					(20 561)
Training Funds	3 197					3 197
Refurbishments of Sewerage Pump Stations	6 938 621				(6 938 621)	-
Umzintlava / Qhinqolo Fund	(2 585 037)					(2 585 037)
Assessment For River Health	(916 355)					(916 355)
District Aids Council	(150 000)					(150 000)
Capacity Building Training Grant	(148 330)					(148 330)
Capacity Building	(173 661)					(173 661)
Cape Town Disaster Fund	(27 102)					(27 102)
Information and Energy Centre	(4 230)					(4 230)
Institutional Training	(724 998)					(724 998)
Land Survey Projects Fund	(86 960)					(86 960)
LED DEACT	(2 236 478)	-	363 803			(1 872 675)
LED Strategy Fund	(212 798)					(212 798)
Masimanyane Fund	-					-
Ntabankulu Dam, Hotel and Recreation	(1 120 455)					(1 120 455)
ORTDM Sugar Association	(1 354)					(1 354)
Spatial Development	8 618					8 618
Spatial Planning Fund	(9 862)					(9 862)
Valuations Projects Fund	-					-
Vulindlela DBSA	(472 707)		249 952			(222 755)
	(66 062 706)	(592 898 396)	244 487 907	113 966 247	(6 938 621)	(307 445 569)
PROVINCIAL GRANTS						
Coffee Bay Housing Grant	68 243	(164 493)	44 773			(51 477)
Nqabeni Housing Grant	(219 563)	(690 389)	909 700			(252)
Nkonzo Rural Housing Fund	646 231		330 505			976 736
Eagerton Housing Fund	(305 299)					(305 299)
Hadini Housing Fund	3 698 650					3 698 650
Kwenxurha Rural Housing Fund	517 363					517 363
Lindile Housing Fund	(1 318 860)					(1 318 860)
Mantlaneni Rural Housing Fund	56 262					56 262
Mpeko Rural Housing Fund	(435 664)					(435 664)
Ncambele Rural Housing Fund	(31 216)					(31 216)
Ndlunkulu Rural Housing Fund	(856 305)					(856 305)
New Payne Rural Housing Fund	899 569					899 569
Ngqwala Rural Housing Fund	505 678					505 678
Ntshabeni Rural Housing Fund	(804 309)					(804 309)
Payne Rural Fund	(937 808)					(937 808)
Preston Housing Fund	(765 163)					(765 163)
Upper Centuli Fund	187 979					187 979
Upper Tabase Fund	51 661					51 661
Zidindi Rural Fund	819 868					819 868
Kwam Womens Movement	378 037	-	305 326			683 363
Wild Coast Fishing Fund	(76 616)	-	679 693			603 078
Mbizana Extension 4 Fund	4 628 500					4 628 500
	6 707 237	(854 882)	2 269 997	-	-	8 122 353
PUBLIC CONTRIBUTIONS						
Umtata Community Arts Fund	473 278	-	-	-	-	473 278
	473 278	-	-	-	-	473 278
Other Grants	-	-				-
Total conditional grants	(58 882 191)	(593 753 278)	246 757 905	113 966 247	(6 938 621)	(298 849 939)